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STATE OF NORTH CAROLINA

PRESIDING OFFICERS OF THE
2015 GENERAL ASSEMBLY

DANIEL J. FOREST (R) ...................... President of the Senate ............................... Wake
TIM MOORE (R) ............................. Speaker of the House .......................... Cleveland

EXECUTIVE BRANCH

(Offices established by the Constitution, filled by
election, and comprising the Council of State)

PAT MCCRORY (R) ........................... Governor ............................................. Mecklenburg
DANIEL J. FOREST (R) ...................... Lieutenant Governor ....................................... Wake
ELAINE F. MARSHALL (D) ................ Secretary of State .......................................... Harnett
BETH A. WOOD (D). ........................ Auditor ............................................................ Wake
JANET COWELL (D) .......................... Treasurer ......................................................... Wake
JUNE S. ATKINSON (D) ..................... Superintendent of Public Instruction .............. Wake
ROY A. COOPER, III (D) ................... Attorney General ............................................... Nash
STEVEN W. TROXLER (R) ................. Commissioner of Agriculture ..................... Guilford
CHERIE K. BERRY (R) ....................... Commissioner of Labor .............................. Catawba
WAYNE GOODWIN (D) ..................... Commissioner of Insurance .......................... Richmond

The political affiliation of each legislator and member of the Council of State listed on this and
the following pages is designated Democrat by the abbreviation "D" and designated Republican
by the abbreviation "R".

G.S. 147-16.1 authorizes publication of Executive Orders of the Governor in the Session Laws
of North Carolina. Executive Orders from Governor McCrory are carried in this volume.
## SENATE OFFICERS

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## SENATORS

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* Resigned March 21, 2016
++ Appointed April 19, 2016
** Resigned April 8, 2016
++ Appointed April 26, 2016
HOUSE OFFICERS

Name .......................................................... Position .......................................................... Address
TIM MOORE .................................................... Speaker .................................................. Kings Mountain, Cleveland County
PAUL STAM .................................................... Speaker Pro Tempore ................................. Apex, Wake County
DENISE G. WEEKS .......................................... Principal Clerk ............................................. Raleigh, Wake County
GARLAND SHEPHEARD ..................................... Sergeant-at-Arms ...................................... Tarboro, Edgecombe County

REPRESENTATIVES

District  Name .................................................. Party  County  Address
1  BOB STEINBURN ............................................. R  Chowan .................... Edenton
2  LARRY YARBOROUGH ..................................... R  Person ...................... Roxboro
3  MICHAEL SPECIAL ......................................... R  Craven ...................... New Bern
4  JIMMY DIXON ............................................... R  Duplin ....................... Mt. Olive
5  HOWARD J. HUNTER, III ................................... D  Hertford ................. Ahoskie
6  PAUL TINE ..................................................... U  Dare ............................. Kitty Hawk
7  BOBBIE RICHARDSON ..................................... D  Franklin ..................... Louisburg
8  SUSAN MARTIN ............................................. R  Wilson ....................... Wilson
9  GREGORY F. MURPHY, M.D. ............................. R  Wilson ....................... Wilson
10 JOHN R. BELL, IV .......................................... R  Wayne ....................... Goldsboro
11 DUANE HALL ............................................... D  Wake .......................... Raleigh
12 GEORGE GRAHAM ......................................... D  Lenoir ....................... Kinston
13 PAE MCINTAUGHT .......................................... R  Carteret ..................... Emerald Isle
14 GEORGE G. CLEVELAND .................................. R  Onslow ....................... Jacksonville
15 PHIL SHEPAD ............................................... R  Onslow ....................... Jacksonville
16 CHRIS MILLS ............................................. R  Pender ....................... Hampstead
17 FRANK ILE  .................................................. R  Brunswick .................. Oak Island
18 DI H. HAMILTON ........................................... R  New Hanover .......... Wilmington
19 TED DAVIES, JR. .......................................... R  New Hanover .......... Wilmington
20 RICK CATLIN ............................................. R  New Hanover .......... Wilmington
21 LARRY M. BELL ........................................... D  Sampson .................... Clinton
22 WILLIAM D. BRESSON ................................. D  Bladen ....................... Dublin
23 SHELLY WILLIAM ......................................... D  Edgecombe ............ Rocky Mount
24 JEAN FARMER-BUTLEFIELD ............................. D  Wilson ....................... Wilson
25 JEFF COLLINS ............................................. R  Nash ......................... Rocky Mount
26 N. LEO DAIGHTHRY ...................................... R  Johnston .................. Smithfield
27 MICHAEL H. WRAY ...................................... D  Northampton .......... Gaston
28 JAMES H. LANGDON, JR. ............................... R  Johnston .................. Angier
29 LARRY D. HALL .......................................... D  Durham ..................... Durham
30 PAUL LUEBKE ........................................... D  Durham ..................... Durham
31 HENRY M. MICHAUX, JR. ............................... D  Durham ..................... Durham
32 NATHAN BASKERVILLE .................................. D  Vance ....................... Henderson
33 ROSA L. GILL ............................................. D  Wake .......................... Raleigh
34 GRIER MARTIN ............................................. D  Wake .......................... Raleigh
35 CHRIS MALONE ........................................... R  Wake .......................... Wake Forest
36 NELSON DOLLAR .......................................... R  Wake .......................... Cary
37 PAUL STAM .................................................. R  Wake .......................... Apex
38 YVONNE LEWIS HOLLEY ............................... D  Wake .......................... Raleigh
39 DARREN G. JACKSON ..................................... D  Wake .......................... Raleigh
40 MARILYN AVILA ........................................... R  Wake .......................... Raleigh
41 GAILE ADEOCK ........................................... D  Wake .......................... Cary
42 MARVIN W. LUCAS ....................................... D  Cumberland .......... Spring Lake
43 ELMER FLOYD ............................................ D  Cumberland .......... Fayetteville
44 WILLIAM O. RICHARDSON ............................. D  Cumberland .......... Fayetteville
45 JOHN SZOKA ............................................. R  Cumberland .......... Fayetteville
46 KEN WADDELL ............................................ D  Columbus ................. Chadbourn
47 CHARLES GRAHAM ....................................... D  Robeson .................. Lumberton
48 GARLAND E. PIERCE ..................................... D  Scotland .................. Wagram
49 BRIAN E. HENRY .......................................... R  Wake .......................... Raleigh
50 GRAIG R. MAYER ......................................... D  Orange ...................... Chapel Hill
51 BRAD SALMON ............................................. D  Harnett ..................... Mamers
52 JAMES L. BOLES, JR. ................................. R  Harnett ..................... Southern Pines
53 DAVID R. LEWIS .......................................... R  Harnett ..................... Dunn
54 ROBERT T. REIVES, II .................................. D  Lee ............................. Sanford
55 MARK BRODY ............................................. R  Union ..................... Monroe
56 VERLA INSKO ............................................. D  Orange ..................... Chapel Hill
57 PREDIE H. HAMILTON ................................. D  Guilford .................. Greensboro
58 RALPH C. JOHNSON ..................................... D  Guilford .................. Greensboro
* CHRIS SGRO ............................................. D  Guilford .................. Greensboro

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* Resigned April 13, 2016 + Deceased March 15, 2016 ** Appointed May 12, 2016
LEGISLATIVE SERVICES COMMISSION

HOUSE SPEAKER TIMOTHY KEITH MOORE, CHAIR

SENATE PRESIDENT PRO TEMPORE PHILIP E. BERGER, EX OFFICIO

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LEGISLATIVE SERVICES STAFF DIRECTORS

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<td>PAUL Y. COBLE</td>
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<td>JOHN W. TURCOTTE</td>
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AN ACT TO REALIGN THE CONGRESSIONAL DISTRICTS, AS RECOMMENDED BY THE JOINT SELECT COMMITTEE ON CONGRESSIONAL REDISTRICTING, TO COMPLY WITH THE COURT ORDER IN HARRIS V. MCCCRORY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 163-201(a) is rewritten to read:

"(a) For purposes of nominating and electing members of the House of Representatives of the Congress of the United States in 2016 and every two years thereafter; the State of North Carolina shall be divided into 13 districts as follows:

District 01: Bertie County, Durham County: VTD 01, VTD 02, VTD 03, VTD 04, VTD 05, VTD 06, VTD 07, VTD 08, VTD 09, VTD 10, VTD 12, VTD 13, VTD 14, VTD 15, VTD 16, VTD 17, VTD 18, VTD 19, VTD 20, VTD 21, VTD 22, VTD 23, VTD 24, VTD 25, VTD 26, VTD 27, VTD 28, VTD 29, VTD 30-1, VTD 30-2, VTD 31, VTD 32, VTD 34, VTD 36, VTD 37, VTD 38, VTD 39, VTD 40, VTD 41, VTD 42, VTD 43, VTD 44, VTD 45, VTD 46, VTD 47, VTD 48, VTD 50, VTD 51, VTD 52, VTD 54, VTD 55; Edgecombe County, Gates County, Granville County, Halifax County, Hertford County, Martin County, Northampton County, Pitt County: VTD 0301, VTD 0401, VTD 0501, VTD 1201, VTD 1501, VTD 1503, VTD 1504, VTD 1505A, VTD 1505B, VTD 1506, VTD 1507, VTD 1507B, VTD 1508A, VTD 1508B, VTD 1509: Block(s) 1470003021000, 1470003021001, 1470003021002, 1470003021003, 1470003021004, 1470003021005, 1470003021006, 1470003021007, 1470003021008, 1470003021009, 1470003021010, 1470003021011, 1470003021012, 1470003021013, 1470003021014, 1470003021015, 1470003021016, 1470003022000, 1470003022001, 1470003022002, 1470003022003, 1470003022004, 1470003022005, 1470003022006, 1470003022007, 1470003022008, 1470003022009, 1470003022010, 1470003022011, 1470003022012, 1470003022013, 1470003022014, 1470003022015, 1470003022016, 1470003022021, 1470003022023, 1470003022024, 1470003022025, 1470003022026, 1470003022027, 1470003022028, 1470003022029, 1470003022030, 1470003023003, 1470003023004, 1470003023005, 1470003023006, 1470003023007, 1470003023008, 1470003023009, 1470003023010, 1470003023013, 1470003023025, 1470003023026, 1470004003005, 1470004003006, 1470004003007, 1470004003008, 1470009002028, 1470009002029, 1470009002030, 1470009002031, 1470009002032, 1470009002033, 1470009002034, 1470009002035, 1470009002036, 1470009002037, 1470009002038, 1470009002039, 1470009002040, 1470009002041, 1470009002042, 1470009002043, 1470009002044, 1470009002045, 1470009002046, 1470009002047, 1470009002048, 1470009002049, 1470009002050, 1470009002051, 1470009002052, 1470009002053, 1470009002054, 1470009002055, 1470009002056, 1470009002057, 1470009002058, 1470009002059, 1470009002060, 1470009002061, 1470009002062, 1470009002063, 1470009002064, 1470009002065, 1470009002066, 1470009002067, 1470009002068, 1470009002069, 1470009002070, 1470009002071, 1470009002072, 1470009002073, 1470009002074, 1470009002075, 1470009002076, 1470009002077, 1470009002078, 1470009002079, 1470009002080, 1470009002081, 1470009002082, 1470009002083, 1470009002084, 1470009002085, 1470009002086, 1470009002087, 1470009002088, 1470009002089, 1470009002090, 1470009002091, 1470009002092, 1470009002093, 1470009002094, 1470009002095, 1470009002096, 1470009002097, 1470009002098, 1470009002099, 1470009002100, 1470009002101, 1470009002102, 1470009002103, 1470009002104, 1470009002105, 1470009002106, 1470010011033, 1470010011034, 1470010011035, 1470010011036, 1470010011037, 1470010011038, 1470010011039, 1470010011040, 1470010011041, 1470010011042, 1470010011043, 1470010011044, 1470010011045, 1470010011046, 1470010011047, 1470010011048, 1470010011049, 1470010011050; VTD
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District 02: Franklin County, Harnett County, Johnston County: VTD PR05, VTD PR09, VTD PR10, VTD PR11A, VTD PR11B, VTD PR12, VTD PR19, VTD PR20, VTD PR21, VTD PR24, VTD PR25, VTD PR26: Block(s) 1010406001016, 1010408001000, 1010408001001, 1010408001002, 1010408001017, 1010408001018, VTD PR27, VTD PR28, VTD PR29A, VTD PR29B, VTD PR30, VTD PR31A, VTD PR31B, VTD PR32, VTD PR34; Nash County, Wake County: VTD 01-42, VTD 01-47, VTD 02-01, VTD 02-02, VTD 02-03, VTD 02-04, VTD 02-05, VTD 03-00, VTD 04-07, VTD 06-01, VTD 06-04, VTD 06-06, VTD 06-07, VTD 08-04, VTD 08-06, VTD 08-07, VTD 08-08, VTD 09-01, VTD 09-02, VTD 09-03, VTD 10-01, VTD 10-02, VTD 10-03, VTD 10-04, VTD 12-01, VTD 12-02, VTD 12-04, VTD 12-05, VTD 12-06, VTD 12-07, VTD 12-08, VTD 12-09, VTD 13-10, VTD 13-11, VTD 14-01, VTD 14-02, VTD 15-02, VTD 15-03, VTD 15-04, VTD 16-01, VTD 16-05: Block(s) 1830528021000, 1830528021001, 1830528021002, 1830528021003, 1830528021004, 1830528021006, 1830528021007, 1830528021008, 1830528021009, 1830528021010, 1830528021011, 1830528021012, 1830528021013, 1830528021014, 1830528021015, 1830528021016, 1830528021017, 1830528021018, 1830528021019, 1830528021021, 1830528021022, 1830528021023, 1830528021024, 1830528021025, 1830528021026, 1830528021027, 1830528021028, 1830528021029, 1830528021030, 1830528021032, 1830528023006, 1830528023007, 1830528023008, 1830528023009, 1830528023010, 1830528023011, 1830528023012, 1830528023013, 1830528023014, 1830528023015, 1830528023016, 1830528023017, 1830528023018, 1830528023019, 1830528023020, 1830528023021, 1830528024008, 1830528024010, 1830528024012, 1830528024014, 1830528024017, 1830528024018, 1830528024019, 1830528024021, 1830530093000, 1830530093001, 1830530093002, 1830530093003, 1830530093004, 1830530093005, 1830530093006, 1830530093007, 1830530093008, 1830530093009, 1830530093010, 1830530093011, 1830530093012, 1830530093013, 1830530093014, 1830530093015, 1830530093016, 1830530093017, 1830530093018, 1830530093019, 1830530093020, 1830530093021, 1830545002052, 1830545002069, 1830545002071, 1830545002078, 1830545002079, VTD 16-09, VTD 17-06, VTD 18-02, VTD 18-03, VTD 18-04, VTD 18-05, VTD 18-07, VTD 19-03, VTD 19-04, VTD 19-05, VTD 19-06, VTD 19-07, VTD 19-09, VTD 19-10, VTD 19-11, VTD 19-12, VTD 20-05, VTD 20-06, VTD 20-08, VTD 20-11, VTD 20-12; Wilson County: VTD PRBL, VTD PRCR, VTD PROL, VTD PRSL, VTD PRSA, VTD PRST, VTD PRTA: Block(s) 1950014001000, 1950014001001, 1950014001010, 1950014001025, 1950014001033, 1950014001042, 1950014001043, 1950014001045, 1950014001046, 1950014001047, 1950014001048, 1950014001051, 1950014001054, 1950014001055, 1950014001056, 1950014001057, 1950014001059; VTD PRTO, VTD PRWA, VTD PRWB, VTD PRWC, VTD PRWD, VTD PRWE, VTD PRWH, VTD PRWI, VTD PRWJ, VTD PRWK, VTD PRWL, VTD PRWM, VTD PRWN, VTD PRWP, VTD PRWQ, VTD PRWR.
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District 03: Beaufort County, Camden County, Carteret County, Craven County, Currituck County, Dare County, Greene County, Hyde County, Jones County, Lenoir County, Onslow County, Pamlico County, Pasquotank County, Perquimans County, Pitt County: VTD 0101, VTD 0200A, VTD 0200B, VTD 0601, VTD 0701, VTD 0800A, VTD 0800B, VTD 0901, VTD 1001, VTD 1101, VTD 1102A, VTD 1102B, VTD 1301, VTD 1402A, VTD 1402B, VTD 1403A, VTD 1403B, VTD 1509: Block(s) 1470001005024, 1470002021024, 1470002021025, 1470002021026, 1470003022017, 1470003022018, 1470003022019, 1470003022020, 1470004003010, 1470004003011, 1470004003012, 1470004003013, 1470004003014, 1470004003015, 1470004003016, 1470004003017, 1470004003018, 1470004003019, 1470004003020, 1470004003021, 1470004003022, 1470004003023, 1470004003024, 1470004003025, 1470004003026, 1470004003027, 1470004003028, 1470004003029, 1470004003030, 1470004003031, 1470004004005; VTD 1510A, VTD 1510B, VTD 1511A, VTD 1511B, Tyrrell County.

District 04: Durham County: VTD 33, VTD 35, VTD 53-1, VTD 53-2; Orange County, Wake County: VTD 01-01, VTD 01-02, VTD 01-03, VTD 01-04, VTD 01-05, VTD 01-06, VTD 01-07, VTD 01-09, VTD 01-10, VTD 01-11, VTD 01-12, VTD 01-13, VTD 01-14, VTD 01-15, VTD 01-16, VTD 01-17, VTD 01-18, VTD 01-19, VTD 01-20, VTD 01-21, VTD 01-22, VTD 01-23, VTD 01-24, VTD 01-25, VTD 01-26, VTD 01-27, VTD 01-28, VTD 01-29, VTD 01-30, VTD 01-31, VTD 01-32, VTD 01-33, VTD 01-34, VTD 01-35, VTD 01-36, VTD 01-37, VTD 01-38, VTD 01-39, VTD 01-40, VTD 01-41, VTD 01-42, VTD 01-43, VTD 01-44, VTD 01-45, VTD 01-46, VTD 01-47, VTD 01-48, VTD 01-49, VTD 01-50, VTD 01-51, VTD 04-01, VTD 04-02, VTD 04-03, VTD 04-04, VTD 04-05, VTD 04-06, VTD 04-07, VTD 04-08, VTD 04-09, VTD 04-10, VTD 04-11, VTD 04-12, VTD 04-13, VTD 04-14, VTD 04-15, VTD 04-16, VTD 04-17, VTD 04-18, VTD 04-19, VTD 04-20, VTD 04-21, VTD 05-01, VTD 05-02, VTD 05-03, VTD 05-04, VTD 05-05, VTD 05-06, VTD 07-01, VTD 07-02, VTD 07-03, VTD 07-04, VTD 07-05, VTD 07-06, VTD 07-07, VTD 07-09, VTD 07-10, VTD 07-11, VTD 07-12, VTD 07-13, VTD 08-02, VTD 08-03, VTD 08-05, VTD 08-06, VTD 08-09, VTD 08-10, VTD 08-11, VTD 11-01, VTD 11-02, VTD 13-01, VTD 13-02, VTD 13-03, VTD 13-05, VTD 13-06, VTD 13-07, VTD 13-08, VTD 13-09, VTD 16-02, VTD 16-03, VTD 16-04, VTD 16-05: Block(s) 1830528021031, 1830528023013, 1830528023025, 1830528023026, 1830528024007, 1830528024009, 183052802411, 183052802413, 183052802415, 183052802416; VTD 16-06, VTD 16-07, VTD 16-08, VTD 17-01, VTD 17-02, VTD 17-03, VTD 17-04, VTD 17-05, VTD 17-07, VTD 17-08, VTD 17-09, VTD 17-10, VTD 17-11, VTD 18-01, VTD 18-06, VTD 18-08, VTD 19-16, VTD 19-17, VTD 20-01, VTD 20-02, VTD 20-03, VTD 20-04, VTD 20-09, VTD 20-10.

District 05: Alexander County, Alleghany County, Ashe County, Avery County, Catawba County: VTD 29: Block(s) 0350103011000, 0350103011003, 0350103011004, 0350103011005, 0350103011006, 0350103011007, 0350103011008, 0350103011009, 0350103011010, 0350103011011, 0350103011012, 0350103011013, 0350103011014,
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County, Watauga County, Wilkes County, Yadkin County.
District 06: Alamance County, Caswell County, Chatham County, Guilford County: VTD
CG1, VTD CG2, VTD CG3A, VTD CG3B, VTD G02, VTD G03, VTD G04, VTD G05,
VTD G06, VTD G07, VTD G08, VTD G09, VTD G10, VTD G24, VTD G25, VTD G26,
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Lincoln County, Polk County, Rutherford County.

District 11: Buncombe County: VTD 04.1, VTD 05.1, VTD 101.1, VTD 105.1, VTD 106.1, VTD 107.1, VTD 14.2; Block(s) 0210011001023, 0210011001030, 0210011001036; VTD 15.1, VTD 24.1, VTD 26.1, VTD 30.1, VTD 31.1, VTD 41.1, VTD 44.1, VTD 45.1, VTD 46.1, VTD 47.1, VTD 48.1, VTD 49.1, VTD 50.1, VTD 52.1, VTD 53.1, VTD 58.1, VTD 59.1, VTD 63.1, VTD 67.1, VTD 68.1, VTD 69.1, VTD 70.1, VTD 71.1; Burke County, Caldwell County, Cherokee County, Clay County, Graham County, Haywood County, Henderson County, Jackson County, Macon County, Madison County, McDowell County, Mitchell County, Swain County, Transylvania County, Yancey County.

District 12: Mecklenburg County: VTD 002; Block(s) 1190024001000, 1190024001001, 1190024001002, 1190024001003, 1190024001004, 1190024001005, 1190024001006, 1190024001007, 1190024001008, 1190024001009, 1190024001010, 1190024001011, 1190024001012, 1190024001013, 1190024001014, 1190024001015, 1190024001016, 1190024001017, 1190024001018, 1190024001019, 1190024002000, 1190024002001, 1190024002002, 1190024002003, 1190024002004, 1190024002005, 1190024002006, 1190024002007, 1190024002008, 1190024002009, 1190024002010, 1190024002011, 1190024002012, 1190024002013, 1190024002014, 1190024002015, 1190024002016, 1190024002017, 1190024002018, 1190024002019, 1190024002020, 1190024002021, 1190024002022, 1190024002023, 1190024002024, 1190024002025, 1190024002026, 1190024002027, 1190024002028, 1190024002029, 1190024002030, 1190024002031, 1190024002032, 1190024002033, 1190024002034, 1190024002035, 1190024002036, 1190024002037, 1190024002038, 1190024002039, 1190024002040, 1190024002041, 1190024002042, 1190024002043, 1190024002044, 1190024002045, 1190024002046, 1190024002047, 1190024002048, 1190024002049, 1190024002050, 1190024002051, 1190024002052, 1190024002053, 1190024002054, 1190024002055, 1190024002056, 1190024002057, 1190024002058, 1190024002059, 1190024002060, 1190024002061, 1190024002062, 1190024002063, 1190024002064, 1190024002065, 1190024002066, 1190024002067, 1190024002068, 1190024002069, 1190024002070, 1190024002071, 1190024002072, 1190024002073, 1190024002074, 1190024002075, 1190024002076, 1190024002077, 1190024002078, 1190024002079, 1190024002080, 1190024002081, 1190024002082, 1190024002083, 1190024002084, 1190024002085, 1190024002086, 1190024002087, 1190024002088, 1190024002089, 1190024002090, 1190024002091; District 12: Mecklenburg County: VTD 002; Block(s) 1190024001000, 1190024001001, 1190024001002, 1190024001003, 1190024001004, 1190024001005, 1190024001006, 1190024001007, 1190024001008, 1190024001009, 1190024001010, 1190024001011, 1190024001012, 1190024001013, 1190024001014, 1190024001015, 1190024001016, 1190024001017, 1190024001018, 1190024001019, 1190024002000, 1190024002001, 1190024002002, 1190024002003, 1190024002004, 1190024002005, 1190024002006, 1190024002007,
AN ACT TO REVISE PROCEDURES FOR THE CONDUCT OF THE 2016 PRIMARY ELECTION TO COMPLY WITH THE COURT ORDER IN HARRIS V. MCCORY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Conduct of 2016 U.S. House of Representatives Primary Election.
– Notwithstanding Section 2 of S.L. 2015-258, the 2016 U.S. House of Representatives primary election shall be conducted as provided in this act.

SECTION 1.(b) U.S. House of Representatives Primary Election Date. – Notwithstanding G.S. 163-1(b), the 2016 U.S. House of Representatives primary election shall be held on Tuesday, June 7, 2016.
SECTION 1.(c) Filing Period for the U.S. House of Representatives Primary Election. – Notwithstanding G.S. 163-106 and Section 2 of S.L. 2015-258, the filing period for the 2016 U.S. House of Representatives primary shall open at 12:00 noon on Wednesday, March 16, 2016, and close at 12:00 noon on Friday, March 25, 2016.

SECTION 1.(d) Eligibility to File. – Notwithstanding G.S. 163-106, no person shall be permitted to file as a candidate in the 2016 U.S. House of Representatives primary unless that person has been affiliated with that party for at least 75 days as of the date of that person filing such notice of candidacy. A person registered as "Unaffiliated" shall be ineligible to file as a candidate in a party primary election.

SECTION 1.(e) No Run for Two Separate Offices at the Same Time. – A candidate who is certified as the winner of a primary election on March 15 and certified as the winner of a primary election on June 7 shall withdraw the notice of candidacy for one of those races no later than one week after the certification of both primary election results in order to comply with G.S. 163-124.

SECTION 1.(f) Return of Filing Fee. – Any candidate who has filed notice of candidacy for the office of 2016 U.S. House of Representatives prior to enactment of this act shall be entitled to return of that candidate's filing fee.

SECTION 2.(a) No Second Primary. – Notwithstanding G.S. 163-111, the results of all 2016 primary elections shall be determined by a plurality, and no second primaries shall be held during the 2016 election cycle.

SECTION 2.(b) Section 2(d) of S.L. 2015-258 is repealed.

SECTION 2.(c) Any election authorized by statute that is set for the date of the second primary shall be placed on the ballot at the time of the U.S. House of Representatives primary election, as established by subsection (b) of Section 1 of this act.

SECTION 3.(a) Temporary Orders. – In order to accommodate the scheduling of the 2016 U.S. House of Representatives primary, the State Board of Elections may issue temporary orders that may change, modify, delete, amend, or add to any statute contained in Chapter 163 of the General Statutes, any rules contained in Title 8 of the North Carolina Administrative Code, or any other election regulation or guideline that may affect the 2016 U.S. House of Representatives primary elections. These temporary orders shall only be effective for the 2016 U.S. House of Representatives primary elections.

SECTION 3.(b) Orders, Not Rules. – Orders issued under this act are not rules subject to the provisions of Chapter 150B of the General Statutes. Orders issued under this act shall be published in the North Carolina Register upon issuance.

SECTION 3.(c) Expiration of Orders. – Any orders issued under this act become void 10 days after the final certification of all 2016 U.S. House of Representatives primary elections. This act expires 10 days after the final certification of all 2016 U.S. House of Representatives primary elections.

SECTION 3.(d) Definition. – As used in this act, "order" also includes guidelines and directives.

SECTION 4. Any ballots cast in accordance with S.L. 2015-258 for the 2016 U.S. House of Representatives primary races only shall not be certified by the State Board of Elections, are confidential, and are not a public record under G.S. 132-1.

SECTION 5. This act is effective when it becomes law and applies to the 2016 election cycle unless, prior to March 16, 2016, the United States Supreme Court reverses or stays the decision of the United States District Court for the Middle District of North Carolina holding unconstitutional G.S. 163-201(a) as it existed prior to the enactment of this act (or the decision is otherwise enjoined, made inoperable, or ineffective), and in any such case, this act is repealed.

In the General Assembly read three times and ratified this the 19th day of February, 2016.
AN ACT TO PROVIDE FOR SINGLE-SEX MULTIPLE OCCUPANCY BATHROOM AND CHANGING FACILITIES IN SCHOOLS AND PUBLIC AGENCIES AND TO CREATE STATEWIDE CONSISTENCY IN REGULATION OF EMPLOYMENT AND PUBLIC ACCOMMODATIONS.

Whereas, the North Carolina Constitution directs the General Assembly to provide for the organization and government of all cities and counties and to give cities and counties such powers and duties as the General Assembly deems advisable in Section 1 of Article VII of the North Carolina Constitution; and

Whereas, the North Carolina Constitution reflects the importance of statewide laws related to commerce by prohibiting the General Assembly from enacting local acts regulating labor, trade, mining, or manufacturing in Section 24 of Article II of the North Carolina Constitution; and

Whereas, the General Assembly finds that laws and obligations consistent statewide for all businesses, organizations, and employers doing business in the State will improve intrastate commerce; and

Whereas, the General Assembly finds that laws and obligations consistent statewide for all businesses, organizations, and employers doing business in the State benefit the businesses, organizations, and employers seeking to do business in the State and attracts new businesses, organizations, and employers to the State; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. SINGLE-SEX MULTIPLE OCCUPANCY BATHROOM AND CHANGING FACILITIES

SECTION 1.1. G.S. 115C-47 is amended by adding a new subdivision to read:

"(63) To Establish Single-Sex Multiple Occupancy Bathroom and Changing Facilities. – Local boards of education shall establish single-sex multiple occupancy bathroom and changing facilities as provided in G.S. 115C-521.2."

SECTION 1.2. Article 37 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-521.2. Single-sex multiple occupancy bathroom and changing facilities. (a) Definitions. – The following definitions apply in this section:

(1) Biological sex. – The physical condition of being male or female, which is stated on a person's birth certificate.

(2) Multiple occupancy bathroom or changing facility. – A facility designed or designated to be used by more than one person at a time where students may be in various states of undress in the presence of other persons. A multiple
occupancy bathroom or changing facility may include, but is not limited to, a school restroom, locker room, changing room, or shower room.

(3) Single occupancy bathroom or changing facility. – A facility designed or designated to be used by only one person at a time where students may be in various states of undress. A single occupancy bathroom or changing facility may include, but is not limited to, a single stall restroom designated as unisex or for use based on biological sex.

(b) Single-Sex Multiple Occupancy Bathroom and Changing Facilities. – Local boards of education shall require every multiple occupancy bathroom or changing facility that is designated for student use to be designated for and used only by students based on their biological sex.

c) Accommodations Permitted. – Nothing in this section shall prohibit local boards of education from providing accommodations such as single occupancy bathroom or changing facilities or controlled use of faculty facilities upon a request due to special circumstances, but in no event shall that accommodation result in the local boards of education allowing a student to use a multiple occupancy bathroom or changing facility designated under subsection (b) of this section for a sex other than the student's biological sex.

(d) Exceptions. – This section does not apply to persons entering a multiple occupancy bathroom or changing facility designated for use by the opposite sex:

(1) For custodial purposes.
(2) For maintenance or inspection purposes.
(3) To render medical assistance.
(4) To accompany a student needing assistance when the assisting individual is an employee or authorized volunteer of the local board of education or the student's parent or authorized caregiver.
(5) To receive assistance in using the facility.
(6) To accompany a person other than a student needing assistance.
(7) That has been temporarily designated for use by that person's biological sex."

SECTION 1.3. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 81.

"Single-Sex Multiple Occupancy Bathroom and Changing Facilities."

§ 143-760. Single-sex multiple occupancy bathroom and changing facilities.

(a) Definitions. – The following definitions apply in this section:

(1) Biological sex. – The physical condition of being male or female, which is stated on a person's birth certificate.

(2) Executive branch agency. – Agencies, boards, offices, departments, and institutions of the executive branch, including The University of North Carolina and the North Carolina Community College System.

(3) Multiple occupancy bathroom or changing facility. – A facility designed or designated to be used by more than one person at a time where persons may be in various states of undress in the presence of other persons. A multiple occupancy bathroom or changing facility may include, but is not limited to, a restroom, locker room, changing room, or shower room.

(4) Public agency. – Includes any of the following:
a. Executive branch agencies,
b. All agencies, boards, offices, and departments under the direction and control of a member of the Council of State,
c. "Unit" as defined in G.S. 159-7(b)(15),
d. "Public authority" as defined in G.S. 159-7(b)(10),
e. A local board of education,
f. The judicial branch.
g. The legislative branch.

h. Any other political subdivision of the State.

(5) Single occupancy bathroom or changing facility. – A facility designed or designated to be used by only one person at a time where persons may be in various states of undress. A single occupancy bathroom or changing facility may include, but is not limited to, a single stall restroom designated as unisex or for use based on biological sex.

(b) Single-Sex Multiple Occupancy Bathroom and Changing Facilities. – Public agencies shall require every multiple occupancy bathroom or changing facility to be designated for and only used by persons based on their biological sex.

c) Accommodations Permitted. – Nothing in this section shall prohibit public agencies from providing accommodations such as single occupancy bathroom or changing facilities upon a person's request due to special circumstances, but in no event shall that accommodation result in the public agency allowing a person to use a multiple occupancy bathroom or changing facility designated under subsection (b) of this section for a sex other than the person's biological sex.

d) Exceptions. – This section does not apply to persons entering a multiple occupancy bathroom or changing facility designated for use by the opposite sex:

(1) For custodial purposes.
(2) For maintenance or inspection purposes.
(3) To render medical assistance.
(4) To accompany a person needing assistance.
(4a) For a minor under the age of seven who accompanies a person caring for that minor.
(5) That has been temporarily designated for use by that person's biological sex.

PART II. STATEWIDE CONSISTENCY IN LAWS RELATED TO EMPLOYMENT AND CONTRACTING

SECTION 2.1. G.S. 95-25.1 reads as rewritten:

"§ 95-25.1. Short title and legislative purpose; local governments preempted.

(a) This Article shall be known and may be cited as the "Wage and Hour Act."

(b) The public policy of this State is declared as follows: The wage levels of employees, hours of labor, payment of earned wages, and the well-being of minors are subjects of concern requiring legislation to promote the general welfare of the people of the State without jeopardizing the competitive position of North Carolina business and industry. The General Assembly declares that the general welfare of the State requires the enactment of this law under the police power of the State.

(c) The provisions of this Article supersede and preempt any ordinance, regulation, resolution, or policy adopted or imposed by a unit of local government or other political subdivision of the State that regulates or imposes any requirement upon an employer pertaining to compensation of employees, such as the wage levels of employees, hours of labor, payment of earned wages, benefits, leave, or well-being of minors in the workforce. This subsection shall not apply to any of the following:

(1) A local government regulating, compensating, or controlling its own employees.
(2) Economic development incentives awarded under Chapter 143B of the General Statutes.
(3) Economic development incentives awarded under Article 1 of Chapter 158 of the General Statutes.
(4) A requirement of federal community development block grants.
(5) Programs established under G.S. 153A-376 or G.S. 160A-456."

SECTION 2.2. G.S. 153A-449(a) reads as rewritten:
"(a) Authority. – A county may contract with and appropriate money to any person, association, or corporation, in order to carry out any public purpose that the county is authorized by law to engage in. A county may not require a private contractor under this section to abide by any restriction that the county could not impose on all employers in the county, such as paying minimum wage or providing paid sick leave to its employees, regulations or controls on the contractor's employment practices or mandate or prohibit the provision of goods, services, or accommodations to any member of the public as a condition of bidding on a contract, contract or a qualification-based selection, except as otherwise required or allowed by State law."

SECTION 2.3. G.S. 160A-20.1(a) reads as rewritten:

"(a) Authority. – A city may contract with and appropriate money to any person, association, or corporation, in order to carry out any public purpose that the city is authorized by law to engage in. A city may not require a private contractor under this section to abide by any restriction that the city could not impose on all employers in the city, such as paying minimum wage or providing paid sick leave to its employees, regulations or controls on the contractor's employment practices or mandate or prohibit the provision of goods, services, or accommodations to any member of the public as a condition of bidding on a contract, contract or a qualification-based selection, except as otherwise required or allowed by State law."

PART III. PROTECTION OF RIGHTS IN EMPLOYMENT AND PUBLIC ACCOMMODATIONS

SECTION 3.1. G.S. 143-422.2 reads as rewritten:

"§ 143-422.2. Legislative declaration.
(a) It is the public policy of this State to protect and safeguard the right and opportunity of all persons to seek, obtain and hold employment without discrimination or abridgement on account of race, religion, color, national origin, age, biological sex or handicap by employers which regularly employ 15 or more employees.
(b) It is recognized that the practice of denying employment opportunity and discriminating in the terms of employment foments domestic strife and unrest, deprives the State of the fullest utilization of its capacities for advancement and development, and substantially and adversely affects the interests of employees, employers, and the public in general.
(c) The General Assembly declares that the regulation of discriminatory practices in employment is properly an issue of general, statewide concern, such that this Article and other applicable provisions of the General Statutes supersede and preempt any ordinance, regulation, resolution, or policy adopted or imposed by a unit of local government or other political subdivision of the State that regulates or imposes any requirement upon an employer pertaining to the regulation of discriminatory practices in employment, except such regulations applicable to personnel employed by that body that are not otherwise in conflict with State law."

SECTION 3.2. G.S. 143-422.3 reads as rewritten:

"§ 143-422.3. Investigations; conciliations.
The Human Relations Commission in the Department of Administration shall have the authority to receive charges of discrimination from the Equal Employment Opportunity Commission pursuant to an agreement under Section 709(b) of Public Law 88-352, as amended by Public Law 92-261, and investigate and conciliate charges of discrimination. Throughout this process, the agency shall use its good offices to effect an amicable resolution of the charges of discrimination. This Article does not create, and shall not be construed to create or support, a statutory or common law private right of action, and no person may bring any civil action based upon the public policy expressed herein."

SECTION 3.3. Chapter 143 of the General Statutes is amended by adding a new Article to read:
"Article 49B.
"Equal Access to Public Accommodations.

§ 143-422.10. Short title. This Article shall be known and may be cited as the Equal Access to Public Accommodations Act.

§ 143-422.11. Legislative declaration.
(a) It is the public policy of this State to protect and safeguard the right and opportunity of all individuals within the State to enjoy fully and equally the goods, services, facilities, privileges, advantages, and accommodations of places of public accommodation free of discrimination because of race, religion, color, national origin, or biological sex, provided that designating multiple or single occupancy bathrooms or changing facilities according to biological sex, as defined in G.S. 143-760(a)(1), (3), and (5), shall not be deemed to constitute discrimination.

(b) The General Assembly declares that the regulation of discriminatory practices in places of public accommodation is properly an issue of general, statewide concern, such that this Article and other applicable provisions of the General Statutes supersede and preempt any ordinance, regulation, resolution, or policy adopted or imposed by a unit of local government or other political subdivision of the State that regulates or imposes any requirement pertaining to the regulation of discriminatory practices in places of public accommodation.

For purposes of this Article, places of public accommodation has the same meaning as defined in G.S. 168A-3(8), but shall exclude any private club or other establishment not, in fact, open to the public.

§ 143-422.13. Investigations; conciliations.
The Human Relations Commission in the Department of Administration shall have the authority to receive, investigate, and conciliate complaints of discrimination in public accommodations. Throughout this process, the Human Relations Commission shall use its good offices to effect an amicable resolution of the complaints of discrimination. This Article does not create, and shall not be construed to create or support, a statutory or common law private right of action, and no person may bring any civil action based upon the public policy expressed herein.

PART IV. SEVERABILITY
SECTION 4. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable. If any provision of this act is temporarily or permanently restrained or enjoined by judicial order, this act shall be enforced as though such restrained or enjoined provisions had not been adopted, provided that whenever such temporary or permanent restraining order or injunction is stayed, dissolved, or otherwise ceases to have effect, such provisions shall have full force and effect.

PART V. EFFECTIVE DATE
SECTION 5. This act is effective when it becomes law and applies to any action taken on or after that date, to any ordinance, resolution, regulation, or policy adopted or amended on or after that date, and to any contract entered into on or after that date. The provisions of Sections 2.1, 2.2, 2.3, 3.1, 3.2, and 3.3 of this act supersede and preempt any ordinance, resolution, regulation, or policy adopted prior to the effective date of this act that purports to regulate a subject matter preempted by this act or that violates or is not consistent with this act, and such ordinances, resolutions, regulations, or policies shall be null and void as of the effective date of this act.

In the General Assembly read three times and ratified this the 23rd day of March, 2016.
SESSION LAWS
OF THE
STATE OF NORTH CAROLINA

REGULAR SESSION 2016

Session Law 2016-4 S.B. 725

AN ACT TO MAKE TECHNICAL, ADMINISTRATIVE, AND CLARIFYING CHANGES TO THE UNEMPLOYMENT INSURANCE LAWS, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 96-11.7(c) reads as rewritten:

"(c) Employer Number. – A new employer shall not be assigned a discrete employer number when there is an acquisition or change in the form or organization of an existing business enterprise, or severable portion thereof, and there is a continuity of control of the business enterprise. That new employer shall continue to be the same employer for the purposes of this Chapter as before the acquisition or change in form. The following assumptions apply in this subsection: Continuity of Control. – Any new employer that has continuity of control with an existing business enterprise shall continue to be the same employer as the existing business enterprise for the purposes of this Chapter as before the existence of the new employer. The Division shall assign any new employer with continuity of control to the account of the existing business enterprise. Any new employer with continuity of control shall not request or maintain an account with the Division other than the account of the existing business enterprise. If a new employer receives a new account and the Division subsequently finds that such new employer has continuity of control with an existing business enterprise, the Division shall recalculate the annual tax rates based on the combined annual account balances of the new employer and the existing business enterprise.

(1) "Control of the business enterprise" may occur by means of ownership of the organization conducting the business enterprise, ownership of assets necessary to conduct the business enterprise, security arrangements or lease arrangements covering assets necessary to conduct the business enterprise, or a contract when the ownership, stated arrangements, or contract provide for or allow direction of the internal affairs or conduct of the business enterprise.

(2) A "continuity of control" will exist Continuity of control exists if one or more persons, entities, or other organizations controlling the business enterprise remain in control of the business enterprise after an acquisition or change in form. Evidence of continuity of control includes changes of an individual proprietorship to a corporation, partnership, limited liability company, association, or estate; a partnership to an individual proprietorship, corporation, limited liability company, association, estate, or the addition, deletion, or change of partners; a limited liability company to an individual..."
proprietorship, partnership, corporation, association, estate, or to another limited liability company; a corporation to an individual proprietorship, partnership, limited liability company, association, estate, or to another corporation or from any form to another form new employer. Control may occur by means of ownership of the organization conducting the business enterprise, ownership of assets necessary to conduct the business enterprise, security arrangements or lease arrangements covering assets necessary to conduct the business enterprise, or a contract when the ownership, stated arrangements, or contract provide for or allow direction of the internal affairs or conduct of the business enterprise. Control is not affected by changes in the form of a business enterprise, reorganization of a business enterprise, or expansion of a business enterprise."

SECTION 2. G.S. 96-4(q) reads as rewritten:

"(q) The Board of Review after due notice shall have the right and power to hold and conduct hearings for the purpose of determining the rights, status and liabilities of an employer. The Board of Review shall have the power and authority to determine any and all questions and issues of fact or questions of law that may arise under the Employment Security Law that may affect the rights, liabilities and status of an employer including the right to determine the amount of contributions, if any, which may be due the Division by any employer. Hearings may be before the Board of Review and shall be held in the central office of the Board of Review or at any other designated place within the State. They shall be open to the public and shall consist of a review of the evidence taken by a hearing officer designated by the Board of Review and a determination of the law applicable to that evidence. The Board of Review shall have the power to provide for the taking of evidence by a hearing officer employed in the capacity of an attorney by the Department. Such hearing officer shall have the same power to issue subpoenas, administer oaths, conduct hearings and take evidence as is possessed by the Board of Review and such hearings shall be recorded, and he shall transmit all testimony and records of such hearings to the Board for its determination. All such hearings conducted by such hearing officer shall be scheduled and held in any county in this State in which the employer resides, maintains a place of business, or conducts business; however, the Board of Review may require additional testimony at any hearings held by it at its office. From all decisions or determinations made by the Board of Review, any party affected thereby shall be entitled to an appeal to the superior court. Before a party shall be allowed to appeal, the party shall within 10 days after notice of such decision or determination, file with the Board of Review exceptions to the decision or the determination, which exceptions will state the grounds of objection to the decision or determination. If any one of the exceptions shall be overruled then the party may appeal from the order overruling the exceptions, and shall, within 10 days after the decision overruling the exceptions, give notice of his appeal. When an exception is made to the facts as found by the Board of Review, the appeal shall be to the superior court in term time but the decision or determination of the Board of Review upon such review in the superior court shall be conclusive and binding as to all questions of fact supported by any competent evidence. When an exception is made to any rulings of law, as determined by the Board of Review, the appeal shall be to the judge of the superior court at chambers. The party appealing shall, within 10 days after the notice of appeal has been served, file with the Board of Review exceptions to the decision or determination overruling the exception which statement shall assign the errors complained of and the grounds of the appeal. Upon the filing of such statement the Board of Review shall, within 30 days, transmit all the papers and evidence considered by it, together with the assignments of errors filed by the appellant to a judge of the superior court holding court or residing in some district in which such appellant either resides, maintains a place of business or conducts business, or, unless the appellant objects after being given reasonable opportunity to object, to a judge of the Superior Court of Wake County: Provided, however, the 30-day period specified herein may be extended by agreement of parties."
SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 9th day of May, 2016.

Session Law 2016-5

S.B. 729

AN ACT TO MAKE VARIOUS CHANGES TO THE REVENUE LAWS.

The General Assembly of North Carolina enacts:

PART I. BUSINESS TAX CHANGES

SECTION 1.1.(a) G.S. 105-121.1 is repealed.

SECTION 1.1.(b) G.S. 58-6-7(a) reads as rewritten:

"(a) In order to do business in this State, an insurance company shall apply for and obtain a license from the Commissioner. The license shall be perpetual and shall continue in full force and effect, subject to timely payment of the annual license continuation fee in accordance with this Chapter and subject to any other applicable provision of the insurance laws of this State. The insurance company shall pay a fee for each year the license is in effect, as follows:

For each domestic farmer's mutual assessment fire insurance company .......................................................... $ 25.00
For each fraternal order .......................................................... 500.00
For each of all other insurance companies, except domestic mutual burial associations taxed under G.S.105-121.1 ..................................................................................... 2,500.00

The fees levied in this subsection are in addition to those specified in G.S. 58-6-5."

SECTION 1.1.(c) This section is effective for taxes due on or after April 1, 2017.

SECTION 1.3.(a) G.S. 105-130.4(s) reads as rewritten:

"(s) All apportionable income of an air transportation corporation or a water transportation corporation shall be apportioned by a fraction, the numerator of which is the corporation's revenue ton miles in this State and the denominator of which is the corporation's revenue ton miles everywhere. A qualified air freight forwarder shall use the revenue ton mile fraction of its affiliated air carrier. The following definitions apply in this subsection:

(1) Air carrier. – A corporation engaged in the business of transporting any combination of passengers or property of any kind in interstate commerce, and the majority of the corporation's revenue ton miles everywhere are attributed to transportation by aircraft.

(2) Air transportation corporation. – One or more of the following:

a. An air carrier that carries any combination of passengers or property of any kind.

b. A qualified air freight forwarder.

(3) Qualified air freight forwarder. – A corporation that is an affiliate of an air carrier and whose air freight forwarding business is primarily carried on with the affiliated air carrier.

(4) The term "revenue Revenue ton mile" means one mile. – One ton of passengers, freight, mail, or other cargo carried one mile by the air transportation corporation or water transportation corporation by aircraft, motor vehicle, or vessel. In making this computation, a passenger is considered to weigh two hundred pounds."

SECTION 1.3.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 1.4. G.S. 105-228.5(b)(4) reads as rewritten:

"(b) Tax Base. – ...
(4) Self-insurers. – The tax imposed by this section on a self-insurer shall be measured by the gross premiums that would be charged against the same or most similar industry or business, taken from the manual insurance rate then in force in this State, applied to the self-insurer’s payroll for the previous calendar year as determined under Article 2 of Chapter 97 Article 36 of Chapter 58 of the General Statutes modified by the self-insurer’s approved experience modifier.”

SECTION 1.5. G.S. 105-130.7A(a) reads as rewritten:
"(a) Purpose. – Royalty payments received for the use of intangible property in this State are income derived from doing business in this State. This section provides taxpayers with an option concerning the method by which these royalties can be reported for taxation when the recipient and the payer are related members. As provided in this section, these royalty payments can be either (i) deducted by the payer and included in the income of the recipient, or (ii) added back to the income of the payer and excluded from the income of the recipient. Exercising the royalty reporting income option provided in this section does not prevent a taxpayer from having taxable nexus in this State as otherwise provided in this Article and does not permit the recipient of the income to exclude royalty payments from its calculation of sales as defined in G.S. 105-130.4.”

SECTION 1.6.(a) G.S. 105-130.4 reads as rewritten:
"§ 105-130.4. Allocation and apportionment of income for corporations.
(a) As used in this section, unless the context otherwise requires:

(7) "Sales" means all gross receipts of the corporation except for the following receipts:
   a. Receipts from a casual sale of property.
   b. Receipts allocated under subsections (c) through (h) of this section.
   c. Receipts exempt from taxation.
   d. The portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal.
   e. The portion of receipts from financial swaps and other similar financial derivatives that represents the notional principal amount that generates the cash flow traded in the swap agreement.
   f. Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a), (3b), and dividends excluded for federal tax purposes.

...."

SECTION 1.6.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 1.7.(a) Section 32.15(g) of S.L. 2015-241 reads as rewritten:
"SECTION 32.15.(g) This section is effective January 1, 2017, for taxes due on or after that date for taxable years beginning on or after January 1, 2017, and applies to the calculation of franchise tax reported on the 2016 and later corporate income tax return.”

SECTION 1.7.(b) Section 10.1(i) of S.L. 2015-268 reads as rewritten:
"SECTION 10.1.(i) Subsections (b) and (f) of this section become effective for taxable years beginning on or after January 1, 2016. Subsection (g) of this section becomes effective March 1, 2016, and applies to sales occurring on or after that date. Subsections (e1) to (e4) of this section become effective July 1, 2016, and apply to local option sales taxes collected on or after that date and distributed to counties and cities on or after September 1, 2016. Subsection (a) of this section becomes effective January 1, 2017, for taxes due on or after that date for taxable years beginning on or after January 1, 2017, and applies to the calculation of franchise tax reported on the 2016 and later corporate income tax return. The remainder of this section is effective when it becomes law.”

SECTION 1.8.(a) G.S. 105-130.7B(b)(4) reads as rewritten:
"(4) ... 

a. Tax is imposed by the State under this Article. The State imposes an income tax on the interest income of the related member with respect to the interest under this Article.

b. The related member pays a net income tax or gross receipts tax to another state with respect to the interest income. Another state imposes an income tax or gross receipts tax on the interest income of the related member. Interest amounts eliminated by combined or consolidated return requirements do not qualify as interest that is subject to tax under this sub-subdivision.

c. The related member is organized under the laws of a foreign country that has a comprehensive income tax treaty with the United States, and that country taxes the interest income at a rate equal to or greater than G.S. 105-130.3.

d. The related member is a bank."

SECTION 1.8.(b) G.S. 105-130.7B reads as rewritten:

"§ 105-130.7B. Limitation on qualified interest for certain indebtedness.  
(a) Limitation. – In determining State net income, a deduction is allowed only for qualified interest expense paid or accrued by the taxpayer to a related member during a taxable year. This section does not limit the Secretary's authority to adjust a taxpayer's net income as it relates to payments to or charges by a parent, subsidiary, or affiliated corporation in excess of fair compensation in an intercompany transaction under G.S. 105-130.5(a)(9).

(b) Definitions. – The definitions in G.S. 105-130.7A apply in this section. In addition, the following definitions apply in this section:

(1) Adjusted taxable income. – State net income of the taxpayer determined without regard to this section and other adjustments as the Secretary may by rule provide.

(2) Bank. – One or more of the following, or a subsidiary or affiliate of one or more of the following:

a. A bank holding company as defined in the federal Bank Holding Company Act of 1956, as amended.

b. One or more of the following entities incorporated or chartered under the laws of this State, another state, or the United States:

1. A bank. This term has the same meaning as defined in G.S. 53C-1-4.

2. A savings bank. This term has the same meaning as defined in G.S. 54C-4.

3. A savings and loan association. This term has the same meaning as defined in G.S. 54B-4.

4. A trust company. This term has the same meaning as defined in G.S. 53C-1-4.

(3) Net interest expense. – The excess of the interest paid or accrued by the taxpayer to each related member during the taxable year over the amount of interest from each related member includible in the gross income of the taxpayer for the taxable year.

(4) Qualified interest expense. – The amount of net interest expense paid or accrued to a related member in a taxable year not to exceed thirty percent (30%) with the amount limited to the greater of (i) fifteen percent (15%) of the taxpayer's adjusted taxable income or (ii) the taxpayer's proportionate share of interest paid or accrued to a person who is not a related member during the same taxable year. This limitation does not apply to interest paid or accrued to a related member if one or more of the following applies:
(5) Proportionate share of interest. – The amount of taxpayer's net interest expense paid or accrued directly to or through a related member to an ultimate pay er divided by the total net interest expense of all related members that is paid or accrued directly to or through a related member to the same ultimate pay er, multiplied by the interest paid or accrued to a person who is not a related member by the ultimate pay er. Any amount that is distributed, paid, or accrued directly or through a related member that is not treated as interest under this Part does not qualify.

(6) Ultimate pay er. – A related member that receives or accrues interest from related members directly or through a related member and pays or accrues interest to a person who is not a related member.

SECTION 1.8(c) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 1.9(a) G.S. 105-130.5(b)(25) reads as rewritten:
“(25) The amount added to federal taxable income as deferred income under section 108(i)(1) of the Code. This deduction applies to taxable years beginning on or after January 1, 2014.”

SECTION 1.9(b) This section is effective for taxable years beginning on or after January 1, 2009.

PART II. PERSONAL TAX CHANGES

SECTION 2.1(a) G.S. 105-153.5(a)(2) is amended by adding a new sub-subdivision to read:
“(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

…

d. Repayment in the current taxable year of an amount included in adjusted gross income in an earlier taxable year because it appeared that the taxpayer had an unrestricted right to such item, to the extent the repayment is not deducted in arriving at adjusted gross income in the current taxable year. If the repayment is three thousand dollars ($3,000) or less, the deduction is the amount of repayment less (i) the limitation provided under section 67(a) of the Code minus (ii) all other items deductible under section 67(b) of the Code, not to exceed the limitation provided under section 67(a) of the Code. If the repayment is more than three thousand dollars ($3,000), the deduction is the amount of repayment. No deduction is allowed if the taxpayer calculates the federal income tax for the year of repayment under section 1341(a)(5) of the Code.”

SECTION 2.1(b) G.S. 105-153.5(b) is amended by adding a new subdivision to read:
"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

…

(10) The amount added to federal taxable income under section 108(i)(1) of the Code,”

SECTION 2.1(c) G.S. 105-153.5(b) is amended by adding a new subdivision to read:

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"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

(11) The amount by which the deduction for an ordinary and necessary business expense was required to be reduced or was not allowed under the Code because the taxpayer claimed a federal tax credit against its federal income tax liability for the income year in lieu of a deduction. This deduction is allowed only to the extent that a similar credit is not allowed by this Chapter for the amount."

SECTION 2.1.(d) Subsection 2.1(c) of this section is effective for taxable years beginning on or after January 1, 2016. The remainder of this section is effective for taxable years beginning on or after January 1, 2014.

SECTION 2.2.(a) G.S. 105-153.5(c) is amended by adding new subdivisions to read:

"(c) Additions. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

(6) The amount of net operating loss carried to and deducted on the federal return but not absorbed in that year and carried forward to a subsequent year.

(7) The amount deducted in a prior taxable year to the extent this amount was withdrawn from the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25 and not used to pay for the qualified higher education expenses of the designated beneficiary, unless the withdrawal was made without penalty under section 529 of the Code due to the death or permanent disability of the designated beneficiary."

SECTION 2.2.(b) This section is effective for taxable years beginning on or after January 1, 2016.

SECTION 2.3. G.S. 105-163.1 reads as rewritten:

"§ 105-163.1. Definitions.
The following definitions apply in this Article:

(6) Individual. – Defined in G.S. 105-134.1. G.S. 105-153.3.

(13) Wages. – The term has the same meaning as in section 3401 of the Code except it does not include the either of the following:

a. The amount of severance wages paid to an employee during the taxable year that is exempt from State income tax for that taxable year under G.S. 105-134.6(b)(11).

b. The amount an employer pays an employee as reimbursement for ordinary and necessary expenses incurred by the employee on behalf of the employer and in the furtherance of the business of the employer.

...."

SECTION 2.4.(a) G.S. 105-134.6(b)(20) reads as rewritten:

"(20) The amount added to federal taxable income as deferred income under section 108(i)(1) of the Code. This deduction applies to taxable years beginning on or after January 1, 2014."

SECTION 2.4.(b) This section is effective for taxable years beginning on or after January 1, 2009.
PART III. SALES TAX CHANGES

SECTION 3.1. Section 2.4 of S.L. 2014-66 reads as rewritten:

"SECTION 2.4. Sections 2.1 through 2.4 of this act become effective July 1, 2013. Sections 2.2 through 2.4 of this act become effective July 1, 2014. The remainder of this act is effective when it becomes law."

SECTION 3.2.(a) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.
The following definitions apply in this Article:

... (3) Clothing. — All human wearing apparel suitable for general use including coats, jackets, hats, hosiery, scarves, and shoes.
... (4) Clothing accessories or equipment. — Incidental items worn on the person or in conjunction with clothing including jewelry, cosmetics, eyewear, wallets, and watches.
... (8g) Energy Star qualified product. — A product that meets the energy efficient guidelines set by the United States Environmental Protection Agency and the United States Department of Energy and is authorized to carry the Energy Star label.
... (28) Prepared food. — Food that meets at least one of the conditions of this subdivision. Prepared food does not include food the retailer sliced, repackaged, or pasteurized but did not heat, mix, or sell with eating utensils.
... c. It is sold with eating utensils provided by the retailer, such as plates, knives, forks, spoons, glasses, cups, napkins, and straws. A plate does not include a container or packaging used to transport the food.
... (32b) School instructional material. — Written material commonly used by a student in a course of study as a reference and to learn the subject being taught. The following is an all-inclusive list:
... a. Reference books.
... b. Reference maps and globes.
... c. Textbooks.
... d. Workbooks.
... (37d) School supply. — An item that is commonly used by a student in the course of study and is considered a "school supply" or "school art supply" under the Streamlined Agreement.
... (42) Sport or recreational equipment. — Items designed for human use and worn in conjunction with an athletic or recreational activity that are not suitable for general use including ballet shoes, cleated athletic shoes, shin guards, and ski boots.
... (45a) Streamlined Agreement. — The Streamlined Sales and Use Tax Agreement as amended as of October 30, 2013. September 17, 2015.
..."

SECTION 3.2.(b) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.
The following definitions apply in this Article:

... (44) Storage. — The keeping or retention in this State for any purpose, except sale in the regular course of business, of tangible personal property or digital
property for any period of time purchased from a retailer in business. The term does not include a purchaser's storage of tangible personal property or digital property in any of the following circumstances:

a. When the purchaser is able to document that at the time the purchaser acquires the property the property is designated for the purchaser's use outside the State and the purchaser subsequently takes it outside the State and uses it solely outside the State.

b. When the purchaser acquires the property to process, fabricate, manufacture, or otherwise incorporate it into or attach it to other property for the purchaser's use outside the State and, after incorporating or attaching the purchased property, the purchaser subsequently takes the other property outside the State and uses it solely outside the State.

SECTION 3.2.(c) Subsection (b) of this section becomes effective January 1, 2017. The remainder of this section is effective when this act becomes law.

SECTION 3.3. G.S. 105-164.4B(e) reads as rewritten:

"(e) Accommodations. – The rental of an accommodation, as defined in G.S. 105-164.4(a)(3), G.S. 105-164.4F, is sourced to the location of the accommodation."

SECTION 3.4. G.S. 105-164.4G(b) reads as rewritten:

"(b) Tax. – The gross receipts derived from an admission charge to an entertainment activity are taxed at the general rate set in G.S. 105-164.4. The tax is due and payable by the retailer in accordance with G.S. 105-164.16. For purposes of the tax imposed by this section, the retailer is the applicable person listed below:

(1) The operator of the venue where the entertainment activity occurs, unless the retailer and the facilitator have a contract between them allowing for dual remittance, as provided in subsection (d) of this section.

(2) The person that provides the entertainment and that receives admission charges directly from a purchaser.

(3) A person other than a person listed in subdivision (1) or (2) of this subsection that receives gross receipts derived from an admission charge sold at retail."

SECTION 3.5. G.S. 105-164.4H(b) reads as rewritten:

"(b) Retailer-Contractor. – This section applies to a retailer-contractor when the retailer-contractor acts as a real property contractor. A retailer-contractor that purchases tangible personal property to be installed or affixed applied to real property may purchase items exempt from tax under a certificate of exemption pursuant to G.S. 105-164.28 provided the retailer-contractor also purchases inventory items from the seller for resale. When the tangible personal property is withdrawn from inventory and installed or affixed applied to real property, use tax must be accrued and paid on the retailer-contractor's purchase price of the tangible personal property. Tangible personal property that the retailer-contractor withdraws from inventory for use that does not become part of real property is also subject to the tax imposed by this Article.

If a retailer-contractor subcontracts any part of the real property contract, tax is payable by the subcontractor on the subcontractor's purchase of the tangible personal property that is installed or affixed applied to real property in fulfilling the contract. The retailer-contractor, the subcontractor, and the owner of the real property are jointly and severally liable for the tax. The liability of a retailer-contractor, a subcontractor, or an owner who did not purchase the property is satisfied by receipt of an affidavit from the purchaser certifying that the tax has been paid."

SECTION 3.7.(a) G.S. 105-164.4D(b) reads as rewritten:

"(b) Determining Threshold. – A retailer of a bundled transaction subject to this section may use either the retailer's cost purchase price or the retailer's sales price to determine if the transaction meets the fifty percent (50%) test or the ten percent (10%) test set out in
subdivisions (a)(1) and (a)(3) of this section. A retailer may not use a combination of cost purchase price and sales price to make this determination. If a bundled transaction subject to subdivision (a)(3) of this section includes a service contract, the retailer must use the full term of the contract in determining whether the transaction meets the threshold set in the subdivision.”

SECTION 3.7.(b) G.S. 105-468 reads as rewritten:

"§ 105-468. Scope of use tax.

The use tax authorized by this Article is a tax at the rate of one percent (1%) of the cost purchase price of each item or article of tangible personal property that is not sold in the taxing county but is used, consumed, or stored for use or consumption in the taxing county. The tax applies to the same items that are subject to tax under G.S. 105-467. The collection and administration of this tax shall be in accordance with Article 5 of Chapter 105 of the General Statutes.

Where a local sales or use tax was due and has been paid with respect to tangible personal property by the purchaser in another taxing county within the State, or where a local sales or use tax was due and has been paid in a taxing jurisdiction outside the State where the purpose of the tax is similar in purpose and intent to the tax which may be imposed pursuant to this Article, the tax paid may be credited against the tax imposed under this section by a taxing county upon the same property. If the amount of sales or use tax so paid is less than the amount of the use tax due the taxing county under this section, the purchaser shall pay to the Secretary an amount equal to the difference between the amount so paid in the other taxing county or jurisdiction and the amount due in the taxing county. The Secretary may require such proof of payment in another taxing county or jurisdiction as is deemed to be necessary. The use tax levied under this Article is not subject to credit for payment of any State sales or use tax not imposed for the benefit and use of counties and municipalities. No credit shall be given under this section for sales or use taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction does not grant similar credit for sales taxes paid under this Article.”

SECTION 3.7.(c) G.S. 105-471 reads as rewritten:

"§ 105-471. Retailer to collect sales tax.

Every retailer whose place of business is in a taxing county shall on and after the levy of the tax herein authorized collect the one percent (1%) local sales tax provided by this Article.

The tax to be collected under this Article shall be collected as a part of the sales price of the item of tangible personal property sold, the cost purchase price of the item of tangible personal property used, or as a part of the charge for the rendering of any services, renting or leasing of tangible personal property, or the furnishing of any accommodation taxable hereunder. The tax shall be stated and charged separately from the sales price or cost purchase price and shall be shown separately on the retailer's sales record and shall be paid by the purchaser to the retailer as trustee for and on account of the State or county wherein the tax is imposed. It is the intent and purpose of this Article that the local sales and use tax herein authorized to be imposed and levied by a taxing county shall be added to the sales price and that the tax shall be passed on to the purchaser instead of being borne by the retailer. The Secretary of Revenue shall design, print and furnish to all retailers in a taxing county in which he shall collect and administer the tax the necessary forms for filing returns and instructions to insure the full collection from retailers, and the Secretary may adapt the present form used for the reporting and collecting of the State sales and use tax to this purpose.”

SECTION 3.8.(a) G.S. 105-164.12B reads as rewritten:

"§ 105-164.12B. Tangible personal property sold below cost with conditional service contract.

(a) Conditional Service-Contract Defined. – A conditional service-contract is a contract in which all of the following conditions are met:

(1) A seller transfers an item of tangible personal property to a consumer on the condition that the consumer enter into an agreement to purchase services on an ongoing basis for a minimum period of at least six months.
(2) The agreement requires the consumer to pay a cancellation fee to the seller if the consumer cancels the contract for services within the minimum period.

(3) For the item transferred, the seller charges the consumer a price that, after any price reduction the seller gives the consumer, is below the purchase price the seller paid for the item. The seller's purchase price is presumed to be no greater than the price the seller paid, as shown on the seller's purchase invoice, for the same item within 12 months before the seller entered into the conditional service contract.

(b) Tax. – If a seller transfers an item of tangible personal property as part of a conditional service contract, a sale has occurred. The sales price of the item is presumed to be the retail price at which the item would sell in the absence of the conditional service contract. Sales tax at the general rate under G.S. 105-164.4(a) is due at the time of the transfer on the following:

(1) Any part of the presumed sales price the consumer pays at that time, if the service in the contract is taxable at the combined general rate.

(2) The presumed sales price, if the service in the contract is not taxable at the combined general rate.

(3) The percentage of the presumed sales price that is equal to the percentage of the service in the contract that is not taxable at the combined general rate, if any part of the service in the contract is not taxable at the combined general rate.

(c)-(f) Repealed by Session Laws 2007-244, s. 3, effective October 1, 2007.”

SECTION 3.8.(b) G.S. 105-467(a) is amended by adding a new subdivision to read:

"(a) Sales Tax. – The sales tax that may be imposed under this Article is limited to a tax at the rate of one percent (1%) of the following:

(8) The presumed sales price of an item of tangible personal property under G.S. 105-164.12B.""

SECTION 3.9.(a) G.S. 105-164.13(34) is repealed.

SECTION 3.9.(b) G.S. 105-164.13 is amended by adding a new subdivision to read:

"§ 105-164.13. Retail sales and use tax.
The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

(26b) Food, prepared food, soft drinks, candy, and other items of tangible personal property sold not for profit for or at an event that is sponsored by an elementary or secondary school when the net proceeds of the sales will be given or contributed to the school or to a nonprofit charitable organization, one of whose purposes is to serve as a conduit through which the net proceeds will flow to the school. For purposes of this exemption, the term "school" is an entity regulated under Chapter 115C of the General Statutes.

..."

SECTION 3.9.(c) This section becomes effective January 1, 2017, and applies to sales made on or after that date.

SECTION 3.11.(a) G.S. 105-164.13 reads as rewritten:

"§ 105-164.13. Retail sales and use tax.
The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

..."
(52) Items subject to sales and use tax under G.S. 105-164.4, other than electricity, telecommunications service, and ancillary service as defined in G.S. 105-164.4, G.S. 105-164.3, if all of the following conditions are met:

(57) Fuel and electricity. – Fuel, electricity, and piped natural gas sold to a manufacturer for use in connection with the operation of a manufacturing facility. The exemption does not apply to the following:

a. Electricity. – Electricity used at a facility at which the primary activity is not manufacturing.

b. Fuel or piped natural gas that is used solely for comfort heating at a manufacturing facility where there is no use of fuel or piped natural gas in a manufacturing process.

SECTION 3.11.(b) This section becomes effective January 1, 2017.

SECTION 3.12.(a) G.S. 105-164.13E(c), as enacted by S.L. 2015-6, reads as rewritten:

"(c) Contract with a Farmer. – A qualifying item listed in subdivisions (5), (8), and (9) of subsection (a) of this section purchased to fulfill a contract with a person who holds a qualifying farmer exemption certificate or a conditional farmer exemption certificate issued under G.S. 105-164.28A is exempt from sales and use tax to the same extent as if purchased directly by the person who holds the exemption certificate. A contractor that purchases one of the items allowed an exemption under this section must provide an exemption certificate to the retailer that includes the name of the agricultural qualifying farmer or conditional farmer exemption certificate holder and the agricultural qualifying farmer or conditional farmer exemption certificate number issued to that holder."

SECTION 3.12.(b) Section 2.13(b) of S.L. 2015-6 reads as rewritten:

"SECTION 2.13.(b) This section becomes effective July 1, 2014. A contractor who paid sales and use tax on an item exempt from sales and use tax pursuant to G.S. 105-164.13(c), G.S. 105-164.13E(c), as enacted by this section, may request a refund from the retailer, and the retailer may, upon issuance of the refund or credit, request a refund for the overpayment of tax under G.S. 105-164.11(a)(1)."

SECTION 3.14. G.S. 105-164.14A(a)(3) is repealed.

SECTION 3.15. G.S. 105-164.22 reads as rewritten:

"§ 105-164.22. Record-keeping requirements, inspection authority, and effect of failure to keep records.

Retailers, wholesale merchants, and consumers must keep for a period of three years records that establish their tax liability under this Article. The Secretary or a person designated by the Secretary may inspect these records at any reasonable time during the day.

A retailer's records must include records of the retailer's gross income, gross sales, net taxable sales, and all items purchased for resale. Failure of a retailer to keep records that establish that a sale is exempt under this Article subjects the retailer to liability for tax on the sale.

A wholesale merchant's records must include a bill of sale for each customer that contains the name and address of the purchaser, the date of the purchase, the item purchased, and the price at which the wholesale merchant sold the item. Failure of a wholesale merchant to keep these records for the sale of an item subjects the wholesale merchant to liability for tax at the rate that applies to the retail sale of the item.

A consumer's records must include an invoice or other statement of the purchase price of an item the consumer purchased from outside the State. Failure of the consumer to keep these records subjects the consumer to liability for tax on the purchase price of the item, as determined by the Secretary."

SECTION 3.16. G.S. 105-164.30 reads as rewritten:
§ 105-164.30. Secretary or agent may examine books, etc.
For the purpose of enforcing the collection of the tax levied by this Article, the Secretary or his duly authorized agent is authorized to examine at all reasonable hours during the day the books, papers, records, documents or other data of all retailers or wholesale merchants bearing upon the correctness of any return or for the purpose of filing a return where none has been made as required by this Article, and may require the attendance of any person and take his testimony with respect to any such matter, with power to administer oaths to such person or persons. If any person summoned as a witness fails to obey any summons to appear before the Secretary or his authorized agent, or refuses to testify or answer any material question or to produce any book, record, paper, or other data when required to do so, the Secretary or his authorized agent shall report the failure or refusal to the Attorney General or the district solicitor, who shall thereupon institute proceedings in the superior court of the county where the witness resides to compel obedience to any summons of the Secretary or his authorized agent. Officers who serve summonses or subpoenas, and witnesses attending, shall receive like compensation as officers and witnesses in the superior courts, to be paid from the proper appropriation for the administration of this Article.

In the event any retailer or wholesale merchant fails or refuses to permit the Secretary or his authorized agent to examine his books, papers, accounts, records, documents or other data, the Secretary may require the retailer or wholesale merchant to show cause before the superior court of the county in which said taxpayer resides or has its principal place of business as to why the books, records, papers, or documents, or data should not be examined and the superior court shall have jurisdiction to enter an order requiring the production of all necessary books, records, papers, or documents, or data and to punish for contempt any person who violates the order.

SECTION 3.17.(a) G.S. 105-164.42L reads as rewritten:
"§ 105-164.42L. Liability relief for erroneous information or insufficient notice by Department.
(a) The Secretary may develop databases that provide information on the boundaries of taxing jurisdictions and the tax rates applicable to those taxing jurisdictions. A person who relies on the information provided in these databases is not liable for underpayments of tax attributable to erroneous information provided by the Secretary in those databases until 10 business days after the date of notification by the Secretary.
(b) The Secretary may develop a taxability matrix that provides information on the taxability of certain items or certain tax administration practices. A person who relies on the information provided in the taxability matrix is not liable for underpayments of tax attributable to erroneous information provided by the Secretary in the taxability matrix until 10 business days after the date of notification by the Secretary.

SECTION 3.17.(b) G.S. 105-466(c) reads as rewritten:
"(c) Collection of the tax, and liability therefor, must begin and continue only on and after the first day of a calendar quarter, as set by the board of county commissioners in the resolution levying the tax. In no event may the tax be imposed, or the tax rate changed, earlier than the first day of the second succeeding calendar month after the date of the adoption of the resolution. The county must give the Secretary at least 90 days advance notice of a new tax levy or tax rate change. The applicability of a new tax or a tax rate change to purchases from printed catalogs becomes effective on the first day of a calendar quarter after a minimum of 120 days from the date the Secretary notifies the seller that receives orders by means of a catalog or similar publication of the new tax or tax rate change. A local rate increase may only be effective on the first day of a calendar quarter after a minimum of 60 days' notice to sellers by the Secretary."

SECTION 3.18. G.S. 105-164.42I(b) reads as rewritten:
"(b) Contract. – The Secretary may contract or authorize in writing the Streamlined Sales Tax Governing Board to contract on behalf of the Secretary with a certified service provider for
the collection and remittance of sales and use taxes. A certified service provider must file with the Secretary or the Streamlined Sales Tax Governing Board a bond or an irrevocable letter of credit, or (iii) evidence of a certificate of deposit. A bond or bond, irrevocable letter of credit, or certificate of deposit must be conditioned upon compliance with the contract, be payable to the State or the Streamlined Sales Tax Governing Board, and be in the form required by the Secretary. A certified service provider charges under the contract is a cost of collecting the tax and is payable from the amount collected.”

SECTION 3.19.(a) G.S. 105-187.1 reads as rewritten:

"§ 105-187.1. Definitions.
The following definitions and the definitions in G.S. 105-164.3 apply to this Article:
(1) Commissioner. – The Commissioner of Motor Vehicles.
(2) Division. – The Division of Motor Vehicles, Department of Transportation.
(3) Long-term lease or rental. – A lease or rental made under a written agreement to lease or rent property to the same person for a period of at least 365 continuous days.
(4) Park model RV. – A vehicle that meets all of the following conditions:
   a. Is designed and marketed as temporary living quarters for recreational, camping, travel, or seasonal use.
   b. Is certified by the manufacturer as complying with ANSI A119.5.
   c. Is built on a single chassis mounted on wheels with a gross trailer area not exceeding 400 square feet in the setup mode.
(5) Recreational vehicle. – Defined in G.S. 20-4.01. The term also includes a park model RV.
(6) Rescue squad. – An organization that provides rescue services, emergency medical services, or both.
(7) Retailer. – A retailer as defined in G.S. 105-164.3 who is engaged in the business of selling, leasing, or renting motor vehicles.
(8) Short-term lease or rental. – A lease or rental that is not a long-term lease or rental.”

SECTION 3.19.(b) G.S. 105-164.13(32) reads as rewritten:

"§ 105-164.13. Retail sales and use tax.
The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:
...
(32) Sales of motor vehicles, the sale of a motor vehicle body to be mounted on a motor vehicle chassis when a certificate of title has not been issued for the chassis, and the sale of a motor vehicle body mounted on a motor vehicle chassis that temporarily enters the State so the manufacturer of the body can mount the body on the chassis. For purposes of this subdivision, a park model RV, as defined in G.S. 105-187.1, is a motor vehicle.”

SECTION 3.19.(d) This section becomes effective July 1, 2016.

SECTION 3.20.(a) G.S. 105-187.21 reads as rewritten:

A privilege tax is imposed on a white goods retailer at a flat rate for each new white good that is sold by the retailer. An excise tax is imposed on a new white good purchased outside the State for storage, use, or consumption in this State. The rate of the privilege tax and the excise tax is three dollars ($3.00). These taxes are in addition to all other taxes.”

SECTION 3.20.(b) This section becomes effective July 1, 2016.

SECTION 3.21. G.S. 105-538 reads as rewritten:
§ 105-538. Administration of taxes.

The Secretary shall, on a monthly basis, allocate to each taxing county the net proceeds of the tax levied under this Article. If the Secretary collects taxes under this Article in a month and the taxes cannot be identified as being attributable to a particular taxing county, the Secretary must allocate the net proceeds of these taxes among the taxing counties in proportion to the amount of taxes collected in each county under this Article in that month. For purposes of this Article, the term "net proceeds" has the same meaning as defined in G.S. 105-472.

Except as provided in this Article, the adoption, levy, collection, administration, and repeal of these additional taxes must be in accordance with Article 39 of this Chapter. G.S. 105-468.1 is an administrative provision that applies to this Article. A tax levied under this Article does not apply to the sales price of food that is exempt from tax pursuant to G.S. 105-164.13B or to the sales price of a bundled transaction taxable pursuant to G.S. 105-467(a)(5a). The Secretary shall not divide the amount allocated to a county between the county and the municipalities within the county.

SECTION 3.22.(a) G.S. 105-164.29A(a) reads as rewritten:

"(a) Application. – To be eligible for the exemption provided in G.S. 105-164.13(52), a State agency must obtain from the Department a sales tax exemption number. The application for exemption must be in the form required by the Secretary, be signed by the State agency's head, and contain any information required by the Secretary. The Secretary must assign a sales tax exemption number to a State agency that submits a proper application. This section does not apply to any of the following State agencies:

(1) An occupational licensing board, as defined in G.S. 93B-1.
(2) An entity listed in G.S. 105-164.14(c)."

SECTION 3.22.(b) G.S. 105-164.14(e) reads as rewritten:

"(e) State Agencies. – The State is allowed quarterly refunds of local sales and use taxes paid indirectly by the State agency on building materials, supplies, fixtures, and equipment that become a part of or annexed to a building or structure that is owned or leased by the State agency and is being erected, altered, or repaired for use by the State agency. This subsection does not apply to a State agency that is ineligible for a sales and use tax exemption number under G.S. 105-164.29A(a).

A person who pays local sales and use taxes on building materials or other tangible personal property for a State building project shall give the State agency for whose project the property was purchased a signed statement containing all of the following information:

...."

SECTION 3.22.(c) This section becomes effective July 1, 2017.

SECTION 3.23.(a) G.S. 105-164.13(11b) reads as rewritten:

"(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this subsection. This exemption applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, 2020."

SECTION 3.23.(b) This section becomes effective January 1, 2016.

SECTION 3.24.(a) G.S. 105-164.4I(b)(3) reads as rewritten:

"(b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

... (3) A transmission, an engine, rear-end gears, and any other item purchased, leased, or rented by a professional motorsports racing team or a related member of a team for which the team or related member may receive a sales tax exemption under G.S. 105-164.13(65) or G.S. 105-164.13(65a) or
a sales tax refund under G.S. 105-164.14A(a)(5). This subdivision expires January 1, 2020."

SECTION 3.24.(b) This section is effective when it becomes law and applies retroactively to January 1, 2014.

PART IV. EXCISE TAX CHANGES

SECTION 4.1.(a) G.S. 105-113.13 reads as rewritten:
"§ 105-113.13. Secretary may require a bond or irrevocable letter of credit.

(a) Repealed by Session Laws 2013-414, s. 22(c), effective September 1, 2013.

(b) The Secretary may require a distributor to furnish a bond in an amount that adequately protects the State from loss if the distributor fails to pay taxes due under this Part. A bond must be conditioned on compliance with this Part, payable to the State, and in the form required by the Secretary. The Secretary must set the bond amount based on the anticipated tax liability of the distributor. The amount of the bond is two times the distributor's average expected monthly tax liability under this Article, as determined by the Secretary, provided the amount of the bond may not be less than two thousand dollars ($2,000) and may not be more than two million dollars ($2,000,000). The Secretary should periodically review the sufficiency of bonds required of the distributor and increase the required bond amount if the amount no longer covers the anticipated tax liability of the distributor and decrease the amount if the Secretary finds that a lower bond amount will protect the State adequately from loss.

For purposes of this section, a distributor may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section."

SECTION 4.1.(b) G.S. 105-113.38 reads as rewritten:
"§ 105-113.38. Bond or irrevocable letter of credit.

The Secretary may require a wholesale dealer or a retail dealer to furnish a bond in an amount that adequately protects the State from loss if the dealer fails to pay taxes due under this Part. A bond must be conditioned on compliance with this Part, payable to the State, and in the form required by the Secretary. The bond amount must be proportionate to the anticipated tax liability of the wholesale dealer or retail dealer. The amount of the bond is two times the wholesale or retail dealer's average expected monthly tax liability under this Article, as determined by the Secretary, provided the amount of the bond may not be less than two thousand dollars ($2,000) and may not be more than two million dollars ($2,000,000). The Secretary should periodically review the sufficiency of bonds required of dealers, and increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the wholesale dealer or retail dealer and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss.

For purposes of this section, a wholesale dealer or a retail dealer may substitute an irrevocable letter of credit for the secured bond required by this section. The letter of credit must be issued by a commercial bank acceptable to the Secretary and available to the State as a beneficiary. The letter of credit must be in a form acceptable to the Secretary, conditioned upon compliance with this Article, and in the amounts stipulated in this section."

SECTION 4.2. G.S. 105-113.35(a) reads as rewritten:
"(a) Tax on Tobacco Products. – An excise tax is levied on tobacco products other than cigarettes and vapor products at the rate of twelve and eight-tenths percent (12.8%) of the cost price of the products. The tax rate does not apply to the following:

(1) Cigarettes subject to the tax in G.S. 105-113.5.
(2) Vapor products subject to the tax in subsection (a1) of this section."

SECTION 4.3. G.S. 105-113.83(b) reads as rewritten:
(b) Beer and Wine. – The excise taxes on malt beverages and wine levied under G.S. 105-113.80(a) and (b), respectively, are payable to the Secretary by the resident wholesaler or importer who first handles the beverages in this State. The excise taxes levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1 must be paid by the wine shipper permittee. The taxes on malt beverages and wine are payable only once on the same beverages. The tax is due on or before the 15th day of the month following the month in which the beverage is first sold or otherwise disposed of in this State by the wholesaler, importer, or wine shipper permittee. When excise taxes are paid on wine or malt beverages, the wholesaler, importer, or wine shipper permittee must submit to the Secretary verified reports on forms provided by the Secretary detailing sales records for the month for which the taxes are paid. The report must indicate the amount of excise tax due, contain the information required by the Secretary, and indicate separately any transactions to which the excise tax does not apply. A wine shipper permittee shall submit verified reports once a year on forms provided by the Secretary detailing sales records for the year the taxes are paid. The verified report is due on or before the fifteenth day of the first month of the following calendar year.

SECTION 4.4.(a) G.S. 105-187.82 is repealed.
SECTION 4.4.(b) G.S. 105-187.77(a) reads as rewritten:
"(a) Purpose. – An excise tax is levied on the privilege of engaging in the severance of energy minerals from the soil or water of this State. The tax is imposed on the producer of the energy mineral. The purpose of the tax is to provide revenue to administer and enforce the provisions of this Article, to administer the State's natural gas and oil reclamation regulatory program, to meet the environmental and resource management needs of this State, and to reclaim land affected by exploration for, drilling for, and production of natural gas and oil. The severance tax is imposed upon all energy minerals severed when sold.

SECTION 4.4.(c) G.S. 105-187.81 reads as rewritten:
"§ 105-187.81. Bond or letter of credit required.
A producer must file with the Secretary a bond or an irrevocable letter of credit if the producer fails to file a return required under this Article after obtaining a permit under G.S. 113-395. A bond or an irrevocable letter of credit must be conditioned upon compliance with the requirements of this Article, be payable to the State, and be in the form required by the Secretary. The amount of the bond or irrevocable letter of credit is two times the applicant's average expected monthly tax liability under this Article, as determined by the Secretary. The amount of the bond or irrevocable letter of credit is two times the applicant's average expected monthly tax liability under this Article, as determined by the Secretary. The Secretary, provided the amount of the bond may not be less than two thousand dollars ($2,000) and may not be more than two million dollars ($2,000,000). The Secretary should periodically review the sufficiency of bonds required of producers and increase the amount of a required bond when the amount of the bond furnished no longer covers the anticipated tax liability of the producer and decrease the amount when the Secretary determines that a smaller bond amount will adequately protect the State from loss. When notified to do so by the Secretary, a person who is required to file a bond or an irrevocable letter of credit must file the bond or irrevocable letter of credit in the amount required by the Secretary within 30 days after receiving the notice from the Secretary."

SECTION 4.5.(a) G.S. 105-259(b) reads as rewritten:
"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

(40) To furnish a nonparticipating manufacturer, as defined in G.S. 66-292, the amount of the manufacturer's tobacco products that a taxpayer sells in
this State by distributor, and that the Secretary reports to the Attorney General under G.S. 105-113.4C.

(50) To provide public access to a list containing the name and account number of entities licensed under Article 2A of this Chapter to aid in the administration of the tobacco products tax.

(51) To exchange information regarding the tax imposed on motor carriers under Article 36B of this Chapter with other jurisdictions that administer the International Fuel Tax Agreement to aid in the administration of the Agreement.

SECTION 4.5.(b) G.S. 105-449.57(c) reads as rewritten:
"(c) Disclosure. – In accordance with G.S. 105-259, the Secretary may, as required by the terms of an agreement, forward to officials of another jurisdiction any information in the Department's possession relative to the administration and collection of a tax imposed on the use of motor fuel or alternative fuel by any motor carrier. The Secretary may disclose to officials of another jurisdiction the location of offices, motor vehicles, and other real and personal property of motor carriers."

SECTION 4.6. G.S. 105-449.49 reads as rewritten:
"§ 105-449.49. Temporary permits.  
(a) Issuance. – Upon application to the Secretary and payment of a fee of fifty dollars ($50.00), a motor carrier permitting service may obtain a temporary permit authorizing the motor carrier to operate a vehicle in the State for three days without registering the vehicle in accordance with G.S. 105-449.47. The permitting service may sell the temporary permit to a motor carrier. A motor carrier to whom a temporary permit has been issued may elect not to report its operation of the vehicle during the three-day period. Fees collected under this subsection are credited to the Highway Fund.

(b) Refusal. – The Secretary may refuse to issue a temporary permit to any of the following:

(1) A motor carrier whose registration has been withheld or revoked.

(2) A motor carrier who the Secretary determines is evading payment of tax through the successive purchase of temporary permits."

SECTION 4.7.(a) G.S. 105-449.57(a) reads as rewritten:
"(a) Authority. – The Secretary may enter into cooperative agreements with other jurisdictions for exchange of information in administering the tax imposed by this Article. No agreement, arrangement, declaration, or amendment to an agreement is effective until stated in writing and approved by the Secretary, Secretary or the Secretary's designee."

SECTION 4.7.(b) G.S. 105-449.57(e) reads as rewritten:
"(e) Restriction. – The Secretary or the Secretary's designee may not enter into any agreement that would increase or decrease taxes and fees imposed under Subchapter V of Chapter 105 of the General Statutes. Any provision to the contrary is void."

SECTION 4.8. G.S. 105-449.45 is amended by adding a new subsection to read:
"(e) Interest. – Interest on overpayments and underpayments of tax imposed on motor carriers under this Article is subject to the interest rate adopted in the International Fuel Tax Agreement."

SECTION 4.9.(a) G.S. 105-449.107(c) reads as rewritten:
"(c) Sales Tax Amount. – Article 5 of Subchapter I of this Chapter determines the amount of State sales and use tax to be deducted under this section from a motor fuel excise tax refund. Articles 39, 40, and 42 of Subchapter VIII of this Chapter and the Mecklenburg First 1% Sales Tax Act determine the amount of local sales and use tax to be deducted under this section from a motor fuel excise tax refund. The cents-per-gallon cost of motor fuel used to calculate the amount of State and local sales and use tax deducted from a claim for refund for each taxable period equals the average of the United States city average price of finished motor gasoline and No. 2 diesel fuel for resale in the "Consumer Price Index Detailed Reports"
published by the Bureau of Labor Statistics of the United States Department of Labor or data determined by the Secretary to be equivalent. The average is computed by weighting the cost of finished motor gasoline and No. 2 diesel fuel by the proportion of tax collected on each under this Article for the taxable period, rounding to the nearest one-tenth of a cent (1/10¢). If the cents-per-gallon cost is exactly between two-tenths of a cent (2/10¢), the average is rounded up to the higher of the two.

SECTION 4.9.(b) This section becomes effective January 1, 2016.

SECTION 4.10.(a) G.S. 105-449.39 reads as rewritten:

"§ 105-449.39. Credit for payment of motor fuel tax.

Every motor carrier subject to the tax levied by this Article is entitled to a credit on its quarterly return for tax paid by the carrier on fuel purchased in the State. The amount of the credit is determined using the flat cents-per-gallon rate plus the variable cents-per-gallon rate of tax in effect during the quarter tax rate in effect under G.S. 105-449.80 for the time period covered by the return. To obtain a credit, the motor carrier must furnish evidence satisfactory to the Secretary that the tax for which the credit is claimed has been paid.

If the amount of a credit to which a motor carrier is entitled for a quarter exceeds the motor carrier's liability for that quarter, the excess is refundable in accordance with G.S. 105-241.7."

SECTION 4.10.(b) G.S. 105-449.106 reads as rewritten:

"§ 105-449.106. Quarterly refunds for nonprofit organizations, taxicabs, and special mobile equipment.

(a) Nonprofits. – A nonprofit organization listed below that purchases and uses motor fuel may receive a quarterly refund, for the excise tax paid during the preceding quarter, at a rate equal to the amount of the flat cents-per-gallon rate plus the variable cents-per-gallon rate in effect during the quarter tax rate in effect under G.S. 105-449.80 for the time period for which the refund is claimed, less one cent (1¢) per gallon.

An application for a refund allowed under this subsection must be made in accordance with this Part and must be signed by the chief executive officer of the organization. The chief executive officer of a nonprofit organization is the president of the organization or another officer of the organization designated in the charter or bylaws of the organization.

Any of the following entities may receive a refund under this subsection:

(2) A private, nonprofit organization that transports passengers under contract with or at the express designation of a unit of local government.
(3) A volunteer fire department.
(4) A volunteer rescue squad.
(5) A sheltered workshop recognized by the Department of Health and Human Services.

...  

(c) Special Mobile Equipment. – A person who purchases and uses motor fuel for the off-highway operation of special mobile equipment registered under Chapter 20 of the General Statutes may receive a quarterly refund, for the excise tax paid during the preceding quarter, at a rate equal to the flat cents-per-gallon rate plus the variable cents-per-gallon rate in effect during the quarter tax rate in effect under G.S. 105-449.80 for the time period for which the refund is claimed, less the amount of sales and use tax due on the fuel under this Chapter, as determined in accordance with G.S. 105-449.107(c). An application for a refund must be made in accordance with this Part."

SECTION 4.10.(c) G.S. 105-449.107 reads as rewritten:

"§ 105-449.107. Annual refunds for off-highway use and use by certain vehicles with power attachments.

(a) Off-Highway. – A person who purchases and uses motor fuel for a purpose other than to operate a licensed highway vehicle may receive an annual refund for the excise tax the person paid on fuel used during the preceding calendar year. The amount of refund allowed is the amount of the flat cents-per-gallon rate in effect during the year for which the refund is
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claimed plus the average of the two variable cents-per-gallon rates in effect during that year,
tax rate in effect under G.S. 105-449.80 for the time period less the amount of sales and use tax
due on the fuel under this Chapter. An application for a refund allowed under this section must
be made in accordance with this Part.

(b) Certain Vehicles. – A person who purchases and uses motor fuel in one of the
vehicles listed below may receive an annual refund for the amount of fuel consumed by the
vehicle:

1. A concrete mixing vehicle.
2. A solid waste compacting vehicle.
3. A bulk feed vehicle that delivers feed to poultry or livestock and uses a
   power takeoff to unload the feed.
4. A vehicle that delivers lime or fertilizer in bulk to farms and uses a power
   takeoff to unload the lime or fertilizer.
5. A tank wagon that delivers alternative fuel, as defined in G.S. 105-449.130,
or motor fuel or another type of liquid fuel into storage tanks and uses a
   power takeoff to make the delivery.
6. A commercial vehicle that delivers and spreads mulch, soils, composts, sand,
sawdust, and similar materials and that uses a power takeoff to unload, blow,
   and spread the materials.
7. A commercial vehicle that uses a power takeoff to remove and dispose of
   septage and for which an annual fee is required to be paid to the Department
   of Environmental Quality under G.S. 130A-291.1.
8. A sweeper.

The amount of refund allowed is thirty-three and one-third percent (33 1/3%) of the
following: the sum of the flat cents-per-gallon rate in effect during the year for which the
refund is claimed and the average of the two variable cents-per-gallon rates in effect during that
year, tax rate in effect under G.S. 105-449.80 for the time period for which the refund is
claimed less the amount of sales and use tax due on the fuel under this Chapter. An application
for a refund allowed under this section must be made in accordance with this Part. This refund
is allowed for the amount of fuel consumed by the vehicle in its mixing, compacting, or
unloading operations, as distinguished from propelling the vehicle, which amount is considered
to be one-third of the amount of fuel consumed by the vehicle.

..........................".

SECTION 4.10.(d) This section becomes effective January 1, 2016.

SECTION 4.11.(a) G.S. 105-449.125 reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

(a) Distribution to Funds. – The Secretary shall allocate the amount of revenue
   collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following
   funds and accounts in the fraction indicated:

<table>
<thead>
<tr>
<th>Fund or Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Leaking Petroleum</td>
<td>Nineteen thirtyseconds</td>
</tr>
<tr>
<td>Underground Storage Tank Cleanup Fund</td>
<td>Fifty-sixteenths</td>
</tr>
<tr>
<td>Water and Air Quality Account</td>
<td>Nineteen thirtyseconds</td>
</tr>
</tbody>
</table>

(b) Distribution of Remaining Revenue. – The Secretary shall allocate seventy-one
   percent (71%) of the remaining excise tax revenue collected under this Article
   according to the following percentages, as follows:

   1. Seventy-one percent (71%) to the Highway Fund
   2. Twenty-nine percent (29%) to the Highway Trust Fund.

(c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed
   under this Article to each fund or account to which revenue collected under this Article is
The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis.

**SECTION 4.11.(b)** Section 29.27B(c) of S.L. 2015-241 reads as rewritten:

"**SECTION 29.27B.(c)** Subsection (a) of this section becomes effective July 1, 2015, and applies to excise tax revenue collected on or after that date. Subsection (b) of this section becomes effective June 30, 2016.

**SECTION 4.11.(c)** Subsection (a) of this section becomes effective July 1, 2016. The remainder of this section is effective when it becomes law.

**SECTION 4.12.** G.S. 105-113.84 reads as rewritten:

"§ 105-113.84. Report of resident brewery, resident winery, nonresident vendor, or wine shipper permittee.

(a) A resident brewery, resident winery, and nonresident vendor, and wine shipper permittee must file a monthly report with the Secretary.

(b) A wine shipper permittee must file an annual report with the Secretary.

(c) The report required by this section must list the amount of beverages delivered to North Carolina wholesalers, importers, and purchasers under G.S. 18B-1001.1 during the period covered by the report. The report is due by the 15th day of the month following the period covered by the report. The report must be filed on a form approved by the Secretary and must contain the information required by the Secretary."

**PART V. OTHER TAX CHANGES**

**SECTION 5.1.(a)** G.S. 105-242.2(e) reads as rewritten:

"(e) Statute of Limitations. – The period of limitations for assessing a responsible person for unpaid taxes under this section expires the later of (i) one year after the expiration of the period of limitations for assessing the business entity or (ii) one year after a tax becomes collectible from the business entity under G.S. 105-241.22(3), (4), (5), or (6)."

**SECTION 5.1.(b)** This section is effective when this act becomes law and applies to a tax that becomes collectible from the business entity under G.S. 105-241.22(3), (4), (5), or (6) on or after that date.

**SECTION 5.2.** G.S. 105-521 is repealed.

**SECTION 5.3.(a)** G.S. 131E-28 is repealed.

**SECTION 5.3.(b)** G.S. 105-130.5(b)(1a) reads as rewritten:

"(b) The following deductions from federal taxable income shall be made in determining State net income:

(1a) Interest upon the obligations of any of the following, net of related expenses, to the extent included in federal taxable income:

a. This State, a political subdivision of this State, or a commission, an authority, or another agency of this State or of a political subdivision of this State.

b. A nonprofit educational institution organized or chartered under the laws of this State.

c. A hospital authority created under G.S. 131E-17."

**SECTION 5.3.(c)** G.S. 105-153.5(b)(1) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

(1) Interest upon the obligations of any of the following:

a. The United States or its possessions.

b. This State, a political subdivision of this State, or a commission, an authority, or another agency of this State or of a political subdivision of this State.
c. A nonprofit educational institution organized or chartered under the laws of this State.

d. A hospital authority created under G.S. 131E-17."

SECTION 5.3.(d) G.S. 105-449.88 is amended by adding a new subdivision to read:

"§ 105-449.88. Exemptions from the excise tax.  
The excise tax on motor fuel does not apply to the following:

…

(10) Motor fuel sold to a hospital authority created under G.S. 131E-17."

SECTION 5.5.(a) G.S. 105-164.3(33c) reads as rewritten:

"(33c) Qualifying datacenter. – A datacenter that satisfies each of the following conditions:

a. The datacenter meets the wage standard and health insurance requirements of G.S. 143B-437.08A. certifies that it satisfies the wage standard for the development tier area or zone in which the datacenter is located. There is no wage standard for a development tier one area. If an urban progress zone or an agrarian growth zone is not in a development tier one area, then the wage standard for that zone is an average weekly wage that is at least equal to ninety percent (90%) of the lesser of the average wage for all insured private employers in the State and the average wage for all insured private employers in the county in which the datacenter is located. The wage standard for a development tier two area or a development tier three area is an average weekly wage that is at least equal to one hundred ten percent (110%) of the lesser of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county in which the datacenter is located.

b. The Secretary of Commerce has made a written determination that at least seventy-five million dollars ($75,000,000) in private funds has been or will be invested by one or more owners, users, or tenants of the datacenter within five years of the date the owner, user, or tenant of the datacenter makes its first real or tangible property investment in the datacenter on or after January 1, 2012. Investments in real or tangible property in the datacenter made prior to January 1, 2012, may not be included in the investment required by this subdivision.

c. The datacenter certifies that it provides health insurance for all of its full-time employees. The datacenter provides health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommend by the Small Employer Carrier Committee pursuant to G.S. 58-50-125."

SECTION 5.5.(b) G.S. 105-130.4(s1) reads as rewritten:

"(s1) All apportionable income of a qualified capital intensive corporation shall be apportioned by multiplying the income by the sales factor as determined under subsection (l) of this section. A "qualified capital intensive corporation" is a corporation that satisfies all of the conditions of this subsection. A corporation that is subject to this subsection must list on its return the property, payroll, and sales factors it used in determining whether it is a qualified capital intensive corporation. If the corporation fails to invest one billion dollars ($1,000,000,000) in private funds within nine years as required by subdivision (2) of this subsection, the benefit of this subsection expires and the corporation must apportion income as it would otherwise be required to do under this section absent this subsection. The conditions are:

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(5) The corporation satisfies a wage standard at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, the wage standard that must be satisfied is the one established under G.S. 105-129.83(c) G.S. 105-164.3(33c)a.

(6) The corporation provides health insurance for all of its full-time employees at the facility that satisfies the condition of subdivision (2) of this subsection. For the purposes of this subdivision, a company provides health insurance if it satisfies the provisions of G.S. 105-129.83(d) G.S. 105-164.3(33c)c.

SECTION 5.5.(c) G.S. 143B-437.01(a)(6) reads as rewritten:
"(a) Creation and Purpose of Fund. – There is created in the Department of Commerce a special account to be known as the Industrial Development Fund Utility Account ("Utility Account") to provide funds to assist the local government units of the most economically distressed counties in the State in creating jobs. The Department of Commerce shall adopt rules providing for the administration of the program. Those rules shall include the following provisions, which shall apply to each grant from the account:

... (6) The funds shall not be used for any nonmanufacturing project that does not meet the wage standard set out in G.S. 105-129.4(b) or for any retail, entertainment, or sports projects. The funds shall not be used for any nonmanufacturing project that does not meet the wage standard for the development tier area or zone in which the project is located. There is no wage standard for a development tier one area. If an urban progress zone or an agrarian growth zone is not in a development tier one area, then the wage standard for that zone is an average weekly wage that is at least equal to ninety percent (90%) of the lesser of the average wage for all insured private employers in the State and the average wage for all insured private employers in the county in which the datacenter is located. The wage standard for a development tier two area or a development tier three area is an average weekly wage that is at least equal to one hundred ten percent (110%) of the lesser of the average wage for all insured private employers in the State and ninety percent (90%) of the average wage for all insured private employers in the county in which the datacenter is located."

SECTION 5.5.(d) G.S. 143B-437.012(h) reads as rewritten:
"(h) Environmental Impact. – A business is eligible for consideration for a grant under this section only if the business certifies that, at the time of the application, the business satisfies the environmental impact standard under G.S. 105-129.83 there has not been a final determination unfavorable to the business with respect to an environmental disqualifying event. For the purposes of this section, a "final determination unfavorable to the business" occurs when there is no further opportunity for the business to seek administrative or judicial appeal, review, certiorari, or rehearing of the environmental disqualifying event and the disqualifying event has not been reversed or withdrawn."

SECTION 5.5.(e) G.S. 143B-437.02(g) reads as rewritten:
"(g) Environmental Impact. – A business is eligible for consideration for site development under this part only if the business certifies that, at the time of the application, the business satisfies the environmental impact standard under G.S. 105-129.83 there has not been a final determination unfavorable to the business with respect to an environmental disqualifying event. For the purposes of this section, a "final determination unfavorable to the business" occurs when there is no further opportunity for the business to seek administrative or judicial appeal, review, certiorari, or rehearing of the environmental disqualifying event and the disqualifying event has not been reversed or withdrawn."

SECTION 5.5.(f) This section is effective when it becomes law.
PART VI. EFFECTIVE DATE AND TIME TO FILE CERTAIN CLAIMS FOR REFUND

SECTION 6.1. Except as otherwise provided, this act is effective when it becomes law. Notwithstanding the general statute of limitations for obtaining a refund of an overpayment of tax under G.S. 105-241.6(a), a taxpayer that had an amount added to taxable income as deferred income under section 108(i)(1) of the Internal Revenue Code and the amount would be excluded under Sections 1.9, 2.1, or 2.4 of this act may apply to the Department of Revenue for a refund of the State income tax paid on the deferred income. A request for a refund under this section must be made to the Secretary of Revenue on or before July 1, 2016. A request for a refund received after that date is barred unless authorized by G.S. 105-241.6(a).

In the General Assembly read three times and ratified this the 9th day of May, 2016.

Session Law 2016-6   S.B. 726

AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE AND TO DECOUPLE FROM CERTAIN PROVISIONS OF THE FEDERAL PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-228.90(b)(1b) reads as rewritten:

"(1b) Code. – The Internal Revenue Code as enacted as of January 1, 2015, January 1, 2016, including any provisions enacted as of that date that become effective either before or after that date."

SECTION 2.(a) G.S. 105-130.5B(c) reads as rewritten:

"(c) Section 179 Expense. – For purposes of this subdivision, the definition of section 179 property has the same meaning as under section 179 of the Code as of January 1, 2015. Code. A taxpayer who places section 179 property in service during a taxable year listed in the table below must add to the taxpayer's federal taxable income eighty-five percent (85%) of the amount by which the taxpayer's expense deduction under section 179 of the Code exceeds the dollar and investment limitation listed in the table below for the taxable year. For taxable years 2010, 2011, and 2012, the dollar limitation is two hundred and fifty thousand dollars ($250,000) and the investment limitation is eight hundred thousand dollars ($800,000). For taxable years beginning on or after 2013, the dollar limitation is twenty-five thousand dollars ($25,000) and the investment limitation is two hundred thousand dollars ($200,000).

A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

<table>
<thead>
<tr>
<th>Taxable Year</th>
<th>Dollar Limitation</th>
<th>Investment Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$250,000</td>
<td>$800,000</td>
</tr>
<tr>
<td>2011</td>
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<td>$800,000</td>
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<tr>
<td>2012</td>
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<tr>
<td>2013</td>
<td>$25,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>2014</td>
<td>$25,000</td>
<td>$200,000&quot;</td>
</tr>
</tbody>
</table>

SECTION 2.(b) G.S. 105-153.6(c) reads as rewritten:

"(c) Section 179 Expense. – For purposes of this subdivision, the definition of section 179 property has the same meaning as under section 179 of the Code as of January 1, 2015. Code. A taxpayer who places section 179 property in service during a taxable year listed in the table below must add to the taxpayer's federal taxable income or adjusted gross income, as appropriate, eighty-five percent (85%) of the amount by which the taxpayer's expense deduction under section 179 of the Code exceeds the dollar and investment limitation listed in the table below for that taxable year. For taxable years before 2012, the taxpayer must add the amount to the taxpayer's federal taxable income. For taxable year 2012 and after, the taxpayer
must add the amount to the taxpayer's adjusted gross income. For taxable years 2010, 2011, and 2012, the dollar limitation is two hundred and fifty thousand dollars ($250,000) and the investment limitation is eight hundred thousand dollars ($800,000). For taxable years beginning on or after 2013, the dollar limitation is twenty-five thousand dollars ($25,000) and the investment limitation is two hundred thousand dollars ($200,000).

A taxpayer is allowed to deduct twenty percent (20%) of the add-back in each of the first five taxable years following the year the taxpayer is required to include the add-back in income.

<table>
<thead>
<tr>
<th>Taxable Year of 85% Add-Back</th>
<th>Dollar Limitation</th>
<th>Investment Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
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<tr>
<td>2011</td>
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<td>2012</td>
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<td>2013</td>
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<td>$200,000</td>
</tr>
<tr>
<td>2014</td>
<td>$25,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

SECTION 3. G.S. 105-153.5(a)(2) reads as rewritten:

"(2) Itemized deduction amount. – An amount equal to the sum of the items listed in this subdivision. The amounts allowed under this subdivision are not subject to the overall limitation on itemized deductions under section 68 of the Code:

a. Charitable Contribution. – The amount allowed as a deduction for charitable contributions under section 170 of the Code for that taxable year. For taxable year 2014, years beginning on or after 2014, a taxpayer who elected to take the income exclusion under section 408(d)(8) of the Code for a qualified charitable distribution from an individual retirement plan by a person who has attained the age of 70 1/2 may deduct the amount that would have been allowed as a charitable deduction under section 170 of the Code had the taxpayer not elected to take the income exclusion.

b. Mortgage Expense and Property Tax. – The amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence plus the amount allowed as a deduction for property taxes paid or accrued on real estate under section 164 of the Code for that taxable year. For taxable year 2014, years 2014, 2015, and 2016, the amount allowed as a deduction for interest paid or accrued during the taxable year under section 163(h) of the Code with respect to any qualified residence shall not include the amount for mortgage insurance premiums treated as qualified residence interest. The amount allowed under this sub-subdivision may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately or married filing jointly, the total mortgage interest and real estate taxes claimed by both spouses combined may not exceed twenty thousand dollars ($20,000). For spouses filing as married filing separately with a joint obligation for mortgage interest and real estate taxes, the deduction for these items is allowable to the spouse who actually paid them. If the amount of the mortgage interest and real estate taxes paid by both spouses exceeds twenty thousand dollars ($20,000), these deductions must be prorated based on the percentage paid by each spouse. For joint obligations paid from joint accounts, the proration is based on the income reported by each spouse for that taxable year.

c. Medical and Dental Expense. – The amount allowed as a deduction for medical and dental expenses under section 213 of the Code for that taxable year."
SECTION 4. G.S. 105-153.5(c2) reads as rewritten:
"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:

(1) For taxable year 2014, years 2014, 2015, and 2016, the amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under section 108 of the Code. The purpose of this subdivision is to decouple from the extension of the income exclusion under section 102 of the Tax Increase Prevention Act of 2014 available under federal tax law.

(2) For taxable year 2014, 2015, and 2016, the amount of the taxpayer's deduction for qualified tuition and related expenses under section 222 of the Code. The purpose of this subdivision is to decouple from the extension of the federal above-the-line deduction under section 107 of the Tax Increase Prevention Act of 2014 available under federal tax law.

(3) For taxable year 2014, years beginning on or after 2014, the amount excluded from the taxpayer's gross income for a qualified charitable distribution from an individual retirement plan by a person who has attained age 70 1/2 under section 408(d)(8) of the Code. The purpose of this subdivision is to decouple from the extension of the income exclusion under section 108 of the Tax Increase Prevention Act of 2014 available under federal tax law.

(4) For taxable years prior to 2014, the amount excluded from the taxpayer's gross income for amounts received by a wrongfully incarcerated individual under section 139F of the Code for which the taxpayer took a deduction under former G.S. 105-134.6(b)(14). The purpose of this subdivision is to prevent a double benefit where federal tax law provides an income exclusion for income for which the State previously provided a deduction.

SECTION 5.(a) G.S. 105-241.6(b) is amended by adding a new subdivision to read:

"(6) Wrongfully Incarcerated Individuals. – If a request for a refund of an overpayment of tax under Section 139F of the Code for a taxable year prior to 2016 is barred by the operation of any law or rule of law, the refund may nevertheless be allowed if the claim for the refund is filed by December 18, 2016."
§ 110-86. Definitions.

Unless the context or subject matter otherwise requires, the terms or phrases used in this Article shall be defined as follows:

(2) Child care. – A program or arrangement where three or more children less than 13 years old, who do not reside where the care is provided, receive care on a regular basis of at least once per week for more than four hours but less than 24 hours per day from persons other than their guardians or full-time custodians, or from persons not related to them by birth, marriage, or adoption. Child care does not include the following:

... 

i. Cooperative arrangements among parents to provide care for their own children as a convenience rather than for employment; and

j. Any child care program or arrangement consisting of two or more separate components, each of which operates for four hours or less per day with different children attending each component; and

k. Track-out programs provided to school-age children when they are out of school on a year-round school calendar.

SECTION 2. This act is effective when it becomes law. In the General Assembly read three times and ratified this the 25th day of May, 2016.

Session Law 2016-8

H.B. 1023

AN ACT PROVIDING THAT (I) A MUNICIPAL SERVICE DISTRICT MAY BE DEFINED BY THE CITY COUNCIL UPON RECEIPT OF A PETITION FROM REAL PROPERTY OWNERS; (II) A CITY MAY EXCLUDE PROPERTY FROM A MUNICIPAL SERVICE DISTRICT PRIOR TO OR AFTER THE CREATION OF THE DISTRICT IF THE PROPERTY DOES NOT BENEFIT FROM THE SERVICES, FACILITIES, OR FUNCTIONS OF THE DISTRICT; (III) A MUNICIPAL SERVICE DISTRICT MAY BE DEFINED, EXTENDED, CONSOLIDATED, AND ABOLISHED ONLY BY ORDINANCE; AND (IV) A CONTRACT FOR SERVICES IN A MUNICIPAL SERVICE DISTRICT WITH A PRIVATE AGENCY SHALL INCLUDE A REQUIREMENT THAT THE AGENCY REPORT THE IDENTITY OF ANY SUBCONTRACTORS, AS RECOMMENDED BY THE LRC COMMITTEE ON MUNICIPAL SERVICE DISTRICTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-536 reads as rewritten:

§ 160A-536. Purposes for which districts may be established.

... 

(d) Contracts. – A city may provide services, facilities, functions, or promotional and developmental activities in a service district with its own forces, through a contract with another governmental agency, through a contract with a private agency, or by any combination thereof. Any contracts entered into pursuant to this subsection shall comply with all of the following criteria:

(1) The contract shall specify the purposes for which city moneys are to be used for that service district.

(2) The contract shall require an appropriate accounting for those moneys at the end of each fiscal year or other appropriate period. The appropriate accounting shall include the name, location, purpose, and amount paid to any person or persons with whom the private agency contracted to perform or
complete any purpose for which the city moneys were used for that service district.


§ 160A-537. Definition of service districts.

(a) Standards. — The city council of any city may by resolution ordinance define a service district upon finding that a proposed district is in need of one or more of the services, facilities, or functions listed in G.S. 160A-536 to a demonstrably greater extent than the remainder of the city.

(a1) Petition to Define District. — The city council may also by ordinance define a service district if a petition submitted by a majority of the owners of real property in a defined area of the city establishes that the area is in need of one or more of the services, facilities, or functions listed in G.S. 160A-536 to a demonstrably greater extent than the remainder of the city. The petition shall contain the names, addresses, and signatures of the real property owners within the proposed district, describe the proposed district boundaries, and state in detail the services, facilities, or functions listed in G.S. 160A-536 which would serve as the basis for establishing the proposed district. The city council may establish a policy to hear all petitions submitted under this subsection at regular intervals, but no less than once per year.

(b) Report. — Before the public hearing required by subsection (c), the city council shall cause to be prepared a report containing:

(1) A map of the proposed district, showing its proposed boundaries;
(2) A statement showing that the proposed district meets the standards set out in subsection (a); and
(3) A plan for providing in the district one or more of the services listed in G.S. 160A-536.

The report shall be available for public inspection in the office of the city clerk for at least four weeks before the date of the public hearing.

(c) Hearing and Notice. — The city council shall hold a public hearing before adopting any resolution ordinance defining a new service district under this section. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a map of the proposed district and a statement that the report required by subsection (b) is available for public inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, it shall be mailed at least four weeks before the date of the hearing by any class of U.S. mail which is fully prepaid to the owners as shown by the county tax records as of the preceding January 1 (and at the address shown thereon) of all property located within the proposed district. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed and his certificate is conclusive in the absence of fraud.

(c1) Exclusion From District. — An owner of a tract or parcel of land located within the proposed district may, at the public hearing or no later than five days after the date of the public hearing required by subsection (c) of this section, submit a written request to the city council for the exclusion of the tract or parcel from the proposed district. The owner shall specify the tract or parcel, state with particularity the reasons why the tract or parcel is not in need of the services, facilities, or functions of the proposed district to a demonstrably greater extent than the remainder of the city, and provide any other additional information the owner deems relevant. If the city council finds that the tract or parcel is not in need of the services, facilities, or functions of the proposed district to a demonstrably greater extent than the remainder of the city, the city council may exclude the tract or parcel from the proposed district.

(d) Effective Date. — Except as otherwise provided in this subsection, the resolution ordinance defining a service district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the city council. If the governing body in the resolution ordinance states that general obligation bonds or special obligation bonds are anticipated to be authorized for the project, it may make the resolution ordinance effective
immediately upon its adoption or as otherwise provided in the resolution ordinance. However, no ad valorem tax may be levied for a partial fiscal year.

(e) In the case of a resolution defining a service district, which is adopted during the period beginning July 1, 1981, and ending July 31, 1981, and which district is for any purpose defined in G.S. 160A-536(1), the city council may make the resolution effective for the fiscal year beginning July 1, 1981. In any such case, the report under subsection (b) of this section need only have been available for public inspection for at least two weeks before the date of the public hearing, and the notice required by subsection (c) of this section need only have been mailed at least two weeks before the date of the hearing.

(f) Passage of Ordinance. – No ordinance defining a service district as provided for in this section shall be finally adopted until it has been passed at two meetings of the city council by majority vote of the voting members present, and no service district shall be defined except by ordinance.

SECTION 3. G.S. 160A-538 reads as rewritten:


(a) Standards. – The city council may by resolution ordinance annex territory to any service district upon finding that:

(1) The area to be annexed is contiguous to the district, with at least one eighth of the area's aggregate external boundary coincident with the existing boundary of the district;

(2) That the area to be annexed requires the services of the district.

(b) Annexation by Petition. – The city council may also by resolution ordinance extend by annexation the boundaries of any service district when one hundred percent (100%) of the real property owners of the area to be annexed have petitioned the council for annexation to the service district.

(c) Report. – Before the public hearing required by subsection (d), the council shall cause to be prepared a report containing:

(1) A map of the service district and the adjacent territory, showing the present and proposed boundaries of the district;

(2) A statement showing that the area to be annexed meets the standards and requirements of subsections (a) or (b); and

(3) A plan for extending services to the area to be annexed.

The report shall be available for public inspection in the office of the city clerk for at least two weeks before the date of the public hearing.

(d) Hearing and Notice. – The council shall hold a public hearing before adopting any resolution ordinance extending the boundaries of a service district. Notice of the hearing shall state the date, hour and place of the hearing and its subject, and shall include a statement that the report required by subsection (c) is available for inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, the notice shall be mailed at least four weeks before the date of the hearing to the owners as shown by the county tax records as of the preceding January 1 of all property located within the area to be annexed. The notice may be mailed by any class of U.S. mail which is fully prepaid. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed, and his certificate shall be conclusive in the absence of fraud.

(e) Effective Date. – The resolution ordinance extending the boundaries of the district shall take effect at the beginning of a fiscal year commencing after its passage, as determined by the council.

(e1) Passage of Ordinance. – No ordinance annexing territory to a service district as provided for in this section shall be finally adopted until it has been passed at two meetings of the city council by majority vote of the voting members present, and no territory shall be annexed to a service district except by ordinance.
(f) Historic District Boundaries Extension. – A service district which at the time of its creation had the same boundaries as an historic district created under Part 3A of Article 19 of this Chapter may only have its boundaries extended to include territory which has been added to the historic district."

SECTION 4. G.S. 160A-538.1 reads as rewritten:

"§ 160A-538.1. Reduction of service districts.

(a) Reduction by City Council. – Upon finding that there is no longer a need to include within a particular service district any certain tract or parcel of land, the city council may by resolution redefine a service district by removing therefrom any tract or parcel of land which it has determined need no longer be included in said district. The city council shall hold a public hearing before adopting a resolution removing any tract or parcel of land from a district. Notice of the hearing shall state the date, hour and place of the hearing, and its subject, and shall be published at least once not less than one week before the date of the hearing.

(a1) Request for Reduction by Owner. – A property owner may submit a written request to the city council to remove the owner's tract or parcel of land from a service district. The owner shall specify the tract or parcel, state with particularity the reasons why the tract or parcel is not in need of the services, facilities, or functions of the proposed district to a demonstrably greater extent than the remainder of the city, and provide any other additional information the owner deems relevant. Upon receipt of the request, the city council shall hold a public hearing as required by subsection (a) of this section. If the city council finds that the tract or parcel is not in need of the services, facilities, or functions of the district to a demonstrably greater extent than the remainder of the city, the city council may, by ordinance, redefine the service district by removing therefrom the tract or parcel.

(b) Effective Date. – The removal of any tract or parcel of land from any service district shall take effect at the end of a fiscal year following passage of the resolution ordaining as determined by the city council.

(b1) Passage of Ordinance. – No ordinance reducing a service district as provided for in this section shall be finally adopted until it has been passed at two meetings of the city council by majority vote of the voting members present, and no service district shall be reduced except by ordinance.

(c) Historic District Boundaries Reduction. – A service district which at the time of its creation had the same boundaries as an historic district created under Part 3A of Article 19 of this Chapter may only have its boundaries reduced to exclude territory which has been removed from the historic district."

SECTION 5. G.S. 160A-539 reads as rewritten:


(a) The city council may by resolution consolidate two or more service districts upon finding that:

(1) The districts are contiguous or are in a continuous boundary; and

(2) The services provided in each of the districts are substantially the same; or

(3) If the services provided are lower for one of the districts, there is a need to increase those services for that district to the level of that enjoyed by the other districts.

(b) Report. – Before the public hearing required by subsection (c), the city council shall cause to be prepared a report containing:

(1) A map of the districts to be consolidated;

(2) A statement showing the proposed consolidation meets the standards of subsection (a); and

(3) If necessary, a plan for increasing the services for one or more of the districts so that they are substantially the same throughout the consolidated district.
The report shall be available in the office of the city clerk for at least two weeks before the public hearing.

(c) Hearing and Notice. – The city council shall hold a public hearing before adopting any resolution ordinance consolidating service districts. Notice of the hearing shall state the date, hour, and place of the hearing and its subject, and shall include a statement that the report required by subsection (b) is available for inspection in the office of the city clerk. The notice shall be published at least once not less than one week before the date of the hearing. In addition, the notice shall be mailed at least four weeks before the hearing to the owners as shown by the county tax records as of the preceding January 1 of all property located within the consolidated district. The notice may be mailed by any class of U.S. mail which is fully prepaid. The person designated by the council to mail the notice shall certify to the council that the mailing has been completed, and his certificate shall be conclusive in the absence of fraud.

(d) Effective Date. – The consolidation of service districts shall take effect at the beginning of a fiscal year commencing after passage of the resolution ordinance of consolidation, as determined by the council.

(e) Passage of Ordinance. – No ordinance consolidating two or more service districts as provided for in subsection (a) of this section shall be finally adopted until it has been passed at two meetings of the city council by majority vote of the voting members present, and no service districts shall be consolidated except by ordinance." 

SECTION 6. G.S. 160A-541 reads as rewritten: 
"§ 160A-541. Abolition of service districts. 
Upon finding that there is no longer a need for a particular service district, the city council may by resolution ordinance abolish that district. The council shall hold a public hearing before adopting a resolution ordinance abolishing a district. Notice of the hearing shall state the date, hour and place of the hearing, and its subject, and shall be published at least once not less than one week before the date of the hearing. The abolition of any service district shall take effect at the end of a fiscal year following passage of the resolution ordinance, as determined by the council." 

SECTION 7. Section 1 of this act is effective when it becomes law and applies only to contracts entered into on or after the effective date of this act. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of May, 2016.

Session Law 2016-9 

AN ACT AMENDING THE CHARTER OF THE TOWN OF SUNSET BEACH TO ALLOW THE TOWN TO USE PROCEEDS FROM ON-STREET PARKING METERS IN THE SAME MANNER IN WHICH PROCEEDS FROM OFF-STREET PARKING FACILITIES ARE USED.

The General Assembly of North Carolina enacts: 

SECTION 1. The Charter of the Town of Sunset Beach, being Chapter 93 of the 1963 Session Laws, as amended by Chapter 362 of the 1965 Session Laws and Chapter 832 of the 1973 Session Laws, is amended by adding a new section to read as follows: 
"Sec. 6A. Notwithstanding the provisions of G.S. 160A-301(a), the Town may use the proceeds from parking meters on public streets in the same manner in which proceeds from off-street parking facilities are permitted under G.S. 160A-301(b)."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 2nd day of June, 2016.
AN ACT TO AMEND PROCEDURES GOVERNING THE ADMISSIBILITY OF WRITTEN CHEMICAL ANALYSIS RESULTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-139.1 reads as rewritten:

"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary provisions; controlled-drinking programs.

(a) Chemical Analysis Admissible. – In any implied-consent offense under G.S. 20-16.2, a person's alcohol concentration or the presence of any other impairing substance in the person's body as shown by a chemical analysis is admissible in evidence. This section does not limit the introduction of other competent evidence as to a person's alcohol concentration or results of other tests showing the presence of an impairing substance, including other chemical tests.

(b) Approval of Valid Test Methods; Licensing Chemical Analysts. – The results of a chemical analysis shall be deemed sufficient evidence to prove a person's alcohol concentration. A chemical analysis of the breath administered pursuant to the implied-consent law is admissible in any court or administrative hearing or proceeding if it meets both of the following requirements:

(1) It is performed in accordance with the rules of the Department of Health and Human Services.

(2) The person performing the analysis had, at the time of the analysis, a current permit issued by the Department of Health and Human Services authorizing the person to perform a test of the breath using the type of instrument employed.

For purposes of establishing compliance with subdivision (b)(1) of this section, the court or administrative agency shall take notice of the rules of the Department of Health and Human Services. For purposes of establishing compliance with subdivision (b)(2) of this section, the court or administrative agency shall take judicial notice of the list of permits issued to the person performing the analysis, the type of instrument on which the person is authorized to perform tests of the breath, and the date the permit was issued. The Department of Health and Human Services may ascertain the qualifications and competence of individuals to conduct particular chemical analyses and the methods for conducting chemical analyses. The Department may issue permits to conduct chemical analyses to individuals it finds qualified subject to periodic renewal, termination, and revocation of the permit in the Department's discretion.

(b1) When Officer May Perform Chemical Analysis. – Any person possessing a current permit authorizing the person to perform chemical analysis may perform a chemical analysis.

(b2) Breath Analysis Results Preventive Maintenance. – The Department of Health and Human Services shall perform preventive maintenance on breath-testing instruments used for chemical analysis. A court or administrative agency shall take judicial notice of the preventive maintenance records of the Department. Notwithstanding the provisions of subsection (b), the results of a chemical analysis of a person's breath performed in accordance with this section are not admissible in evidence if:

(1) The defendant objects to the introduction into evidence of the results of the chemical analysis of the defendant's breath; and

(2) The defendant demonstrates that, with respect to the instrument used to analyze the defendant's breath, preventive maintenance procedures required by the regulations of the Department of Health and Human Services had not been performed within the time limits prescribed by those regulations.

(b3) Sequential Breath Tests Required. – The methods governing the administration of chemical analyses of the breath shall require the testing of at least duplicate sequential breath
samples. The results of the chemical analysis of all breath samples are admissible if the test results from any two consecutively collected breath samples do not differ from each other by an alcohol concentration greater than 0.02. Only the lower of the two test results of the consecutively administered tests can be used to prove a particular alcohol concentration. A person's refusal to give the sequential breath samples necessary to constitute a valid chemical analysis is a refusal under G.S. 20-16.2(c).

A person's refusal to give the second or subsequent breath sample shall make the result of the first breath sample, or the result of the sample providing the lowest alcohol concentration from more than one breath sample is provided, admissible in any judicial or administrative hearing for any relevant purpose, including the establishment that a person had a particular alcohol concentration for conviction of an offense involving impaired driving.

(b4) Repealed by Session Laws 2006-253, s. 16, effective December 1, 2006, and applicable to offenses committed on or after that date.

(b5) Subsequent Tests Allowed. – A person may be requested, pursuant to G.S. 20-16.2, to submit to a chemical analysis of the person's blood or other bodily fluid or substance in addition to or in lieu of a chemical analysis of the breath, in the discretion of a law enforcement officer; except that a person charged with a violation of G.S. 20-141.4 shall be requested, at any relevant time after the driving, to provide a blood sample in addition to or in lieu of a chemical analysis of the breath. However, if a breath sample shows an alcohol concentration of 0.08 or more, then requesting a blood sample shall be in the discretion of a law enforcement officer. If a subsequent chemical analysis is requested pursuant to this subsection, the person shall again be advised of the implied consent rights in accordance with G.S. 20-16.2(a). A person's willful refusal to submit to a chemical analysis of the blood or other bodily fluid or substance is a willful refusal under G.S. 20-16.2. If a person willfully refuses to provide a blood sample under this subsection, and the person is charged with a violation of G.S. 20-141.4, then a law enforcement officer with probable cause to believe that the offense involved impaired driving or was an alcohol-related offense made subject to the procedures of G.S. 20-16.2 shall seek a warrant to obtain a blood sample. The failure to obtain a blood sample pursuant to this subsection shall not be grounds for the dismissal of a charge and is not an appealable issue.

(b6) The Department of Health and Human Services shall post on a Web page a list of all persons who have a permit authorizing them to perform chemical analyses, the types of analyses that they can perform, the instruments that each person is authorized to operate, the effective dates of the permits, and the records of preventive maintenance. A court or administrative agency shall take judicial notice of whether, at the time of the chemical analysis, the chemical analyst possessed a permit authorizing the chemical analyst to perform the chemical analysis administered and whether preventive maintenance had been performed on the breath-testing instrument in accordance with the Department's rules.

(c) Blood and Urine for Chemical Analysis. – Notwithstanding any other provision of law, when a blood or urine test is specified as the type of chemical analysis by a law enforcement officer, a physician, registered nurse, emergency medical technician, or other qualified person shall withdraw the blood sample and obtain the urine sample, and no further authorization or approval is required. If the person withdrawing the blood or collecting the urine requests written confirmation of the law enforcement officer's request for the withdrawal of blood or collecting the urine, the officer shall furnish it before blood is withdrawn or urine collected. When blood is withdrawn or urine collected pursuant to a law enforcement officer's request, neither the person withdrawing the blood nor any hospital, laboratory, or other institution, person, firm, or corporation employing that person, or contracting for the service of withdrawing blood or collecting urine, may be held criminally or civilly liable by reason of withdrawing the blood or collecting the urine, except that there is no immunity from liability for negligent acts or omissions. A person requested to withdraw blood or collect urine pursuant to this subsection may refuse to do so only if it reasonably appears that the procedure cannot be performed without endangering the safety of the person collecting the sample or the safety of the person from whom the sample is being collected. If the officer requesting the blood or urine

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requests a written justification for the refusal, the medical provider who determined the sample could not be collected safely shall provide written justification at the time of the refusal.

(c1) Admissibility. – The results of a chemical analysis of blood or urine reported by the North Carolina State Crime Laboratory, the Charlotte, North Carolina, Police Department Laboratory, or any other laboratory approved for chemical analysis by the Department of Health and Human Services (DHHS), are admissible as evidence in all administrative hearings, and in any court, without further authentication and without the testimony of the analyst. For the purposes of this section, a "laboratory approved for chemical analysis" by the DHHS includes, but is not limited to, any hospital laboratory approved by DHHS pursuant to the program resulting from the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA).

The results shall be certified by the person who performed the analysis. The provisions of this subsection may be utilized in any administrative hearing, but can only be utilized in cases tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court, if:

1. The State notifies the defendant no later than 15 business days after receiving the report and at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the report into evidence under this subsection and provides a copy of the report to the defendant, and

2. The defendant fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the report would be used that the defendant objects to the introduction of the report into evidence.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the report shall be admitted into evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility of the report shall be determined and governed by the appropriate rules of evidence.

If the proceeding at which the report would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

The report containing the results of any blood or urine test may be transmitted electronically or via facsimile. A copy of the affidavit sent electronically or via facsimile shall be admissible in any court or administrative hearing without further authentication. A copy of the report shall be sent to the charging officer, the clerk of superior court in the county in which the criminal charges are pending, the Division of Motor Vehicles, and the Department of Health and Human Services.

Nothing in this subsection precludes the right of any party to call any witness or to introduce any evidence supporting or contradicting the evidence contained in the report.

(c2) Repealed by Session Laws 2013-194, s. 1, effective June 26, 2013.

(c3) Procedure for Establishing Chain of Custody Without Calling Unnecessary Witnesses.

1. For the purpose of establishing the chain of physical custody or control of blood or urine tested or analyzed to determine whether it contains alcohol, a controlled substance or its metabolite, or any impairing substance, a statement signed by each successive person in the chain of custody that the person delivered it to the other person indicated on or about the date stated is prima facie evidence that the person had custody and made the delivery as stated, without the necessity of a personal appearance in court by the person signing the statement.
(2) The statement shall contain a sufficient description of the material or its container so as to distinguish it as the particular item in question and shall state that the material was delivered in essentially the same condition as received. The statement may be placed on the same document as the report provided for in subsection (c1) or the affidavit provided for in subsection (e1) of this section, as applicable.

(3) The provisions of this subsection may be utilized in any administrative hearing, but can only be utilized in cases tried in the district and superior court divisions, or in an adjudicatory hearing in juvenile court, if:

a. The State notifies the defendant no later than 15 business days after receiving the statement and at least 15 business days before the proceeding at which the statement would be used of its intention to introduce the statement into evidence under this subsection and provides a copy of the statement to the defendant, and

b. The defendant fails to file a written notification with the court, with a copy to the State, at least five business days before the proceeding at which the statement would be used that the defendant objects to the introduction of the statement into evidence.

If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the statement shall be admitted into evidence without the necessity of a personal appearance by the person signing the statement. Upon filing a timely objection, the admissibility of the report statement shall be determined and governed by the appropriate rules of evidence.

If the proceeding at which the statement would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

(4) Nothing in this subsection precludes the right of any party to call any witness or to introduce any evidence supporting or contradicting the evidence contained in the statement.

(c4) Repealed by Session Laws 2013-194, s. 1, effective June 26, 2013.

(c5) The testimony of an analyst regarding the results of a chemical analysis of blood or urine admissible pursuant to subsection (c1) of this section, and reported by that analyst, shall be permitted by remote testimony, as defined in G.S. 15A-1225.3, in all administrative hearings, and in any court, if all of the following occur:

(1) The State has provided a copy of the report to the attorney of record for the defendant, or to the defendant if that person has no attorney, as required by subsections (c1) and (c3) of this section.

(2) The State notifies the attorney of record for the defendant or the defendant if that person has no attorney, at least 15 business days before the proceeding at which the evidence would be used of its intention to introduce the testimony regarding the chemical analysis into evidence using remote testimony.

(3) The defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection with the court, with a copy to the State, at least five business days before the proceeding at which the testimony will be presented that the defendant objects to the introduction of the remote testimony.
If the defendant's attorney of record, or the defendant if that person has no attorney, fails to file a written objection as provided in this subsection, then the objection shall be deemed waived and the analyst shall be allowed to testify by remote testimony.

The method used for remote testimony authorized by this subsection shall allow the trier of fact and all parties to observe the demeanor of the analyst as the analyst testifies in a similar manner as if the analyst were testifying in the location where the hearing or trial is being conducted. The court shall ensure that the defendant's attorney, or the defendant if that person has no attorney, has a full and fair opportunity for examination and cross-examination of the analyst.

Nothing in this section shall preclude the right of any party to call any witness. Nothing in this subsection shall obligate the Administrative Office of the Courts or the State Crime Laboratory to incur expenses related to remote testimony absent an appropriation of funds for that purpose.

(d) Right to Additional Test. – Nothing in this section shall be construed to prohibit a person from obtaining or attempting to obtain an additional chemical analysis. If the person is not released from custody after the initial appearance, the agency having custody of the person shall make reasonable efforts in a timely manner to assist the person in obtaining access to a telephone to arrange for any additional test and allow access to the person in accordance with the agreed procedure in G.S. 20-38.5. The failure or inability of the person who submitted to a chemical analysis to obtain any additional test or to withdraw blood does not preclude the admission of evidence relating to the chemical analysis.

(d1) Right to Require Additional Tests. – If a person refuses to submit to any test or tests pursuant to this section, any law enforcement officer with probable cause may, without a court order, compel the person to provide blood or urine samples for analysis if the officer reasonably believes that the delay necessary to obtain a court order, under the circumstances, would result in the dissipation of the percentage of alcohol in the person’s blood or urine.

(d2) Notwithstanding any other provision of law, when a blood or urine sample is requested under subsection (d1) of this section by a law enforcement officer, a physician, registered nurse, emergency medical technician, or other qualified person shall withdraw the blood and obtain the urine sample, and no further authorization or approval is required. If the person withdrawing the blood or collecting the urine requests written confirmation of the charging officer's request for the withdrawal of blood or obtaining urine, the officer shall furnish it before blood is withdrawn or urine obtained. A person requested to withdraw blood or collect urine pursuant to this subsection may refuse to do so only if it reasonably appears that the procedure cannot be performed without endangering the safety of the person collecting the sample or the safety of the person from whom the sample is being collected. If the officer requesting the blood or urine requests a written justification for the refusal, the medical provider who determined the sample could not be collected safely shall provide written justification at the time of the refusal.

(d3) When blood is withdrawn or urine collected pursuant to a law enforcement officer's request, neither the person withdrawing the blood nor any hospital, laboratory, or other institution, person, firm, or corporation employing that person, or contracting for the service of withdrawing blood, may be held criminally or civilly liable by reason of withdrawing that blood, except that there is no immunity from liability for negligent acts or omissions. The results of the analysis of blood or urine under this subsection shall be admissible if performed by the State Crime Laboratory or any other hospital or qualified laboratory.

(e) Recording Results of Chemical Analysis of Breath. – A person charged with an implied-consent offense who has not received, prior to a trial, a copy of the chemical analysis results the State intends to offer into evidence may request in writing a copy of the results. The failure to provide a copy prior to any trial shall be grounds for a continuance of the case but shall not be grounds to suppress the results of the chemical analysis or to dismiss the criminal charges.
(e1) Use of Chemical Analyst's Affidavit in District Court. – An affidavit by a chemical analyst sworn to and properly executed before an official authorized to administer oaths shall be admissible in evidence without further authentication and without the testimony of the analyst in any hearing or trial in the District Court Division of the General Court of Justice with respect to the following matters:

1. The alcohol concentration or concentrations or the presence or absence of an impairing substance of a person given a chemical analysis and who is involved in the hearing or trial.
2. The time of the collection of the blood, breath, or other bodily fluid or substance sample or samples for the chemical analysis.
3. The type of chemical analysis administered and the procedures followed.
4. The type and status of any permit issued by the Department of Health and Human Services that the analyst held on the date the analyst performed the chemical analysis in question.
5. If the chemical analysis is performed on a breath-testing instrument for which regulations adopted pursuant to subsection (b) require preventive maintenance, the date the most recent preventive maintenance procedures were performed on the breath-testing instrument used, as shown on the maintenance records for that instrument.

The Department of Health and Human Services shall develop a form for use by chemical analysts in making this affidavit.

(e2) Except as governed by subsection (c1), (c2), (c1) or (c3) of this section, the State can only use the provisions of subsection (e1) of this section if:

1. The State notifies the defendant no later than 15 business days after receiving the affidavit and at least 15 business days before the proceeding at which the affidavit would be used of its intention to introduce the affidavit into evidence under this subsection and provides a copy of the affidavit to the defendant, and
2. The defendant fails to file a written notification with the court, with a copy to the State, at least five business days before the proceeding at which the affidavit would be used that the defendant objects to the introduction of the affidavit into evidence.

The failure to file a timely objection as provided in this subsection shall be deemed a waiver of the right to object to the admissibility of the affidavit, and the affidavit shall be admitted into evidence without the testimony of the analyst. Upon filing a timely objection, the admissibility of the report shall be determined and governed by the appropriate rules of evidence. The case shall be continued until the analyst can be present. The criminal case shall not be dismissed due to the failure of the analyst to appear, unless the analyst willfully fails to appear after being ordered to appear by the court. If the proceeding at which the affidavit would be introduced into evidence under this subsection is continued, the notice provided by the State, the written objection filed by the defendant, or the failure of the defendant to file a written objection shall remain effective at any subsequent calendaring of that proceeding.

Nothing in subsection (e1) or subsection (e2) of this section precludes the right of any party to call any witness or to introduce any evidence supporting or contradicting the evidence contained in the affidavit.

(f) Evidence of Refusal Admissible. – If any person charged with an implied-consent offense refuses to submit to a chemical analysis or to perform field sobriety tests at the request of an officer, evidence of that refusal is admissible in any criminal, civil, or administrative action against the person.

(g) Controlled-Drinking Programs. – The Department of Health and Human Services may adopt rules concerning the ingestion of controlled amounts of alcohol by individuals submitting to chemical testing as a part of scientific, experimental, educational, or demonstration programs. These regulations shall prescribe procedures consistent with
controlling federal law governing the acquisition, transportation, possession, storage, administration, and disposition of alcohol intended for use in the programs. Any person in charge of a controlled-drinking program who acquires alcohol under these regulations must keep records accounting for the disposition of all alcohol acquired, and the records must at all reasonable times be available for inspection upon the request of any federal, State, or local law-enforcement officer with jurisdiction over the laws relating to control of alcohol. A controlled-drinking program exclusively using lawfully purchased alcoholic beverages in places in which they may be lawfully possessed, however, need not comply with the record-keeping requirements of the regulations authorized by this subsection. All acts pursuant to the regulations reasonably done in furtherance of bona fide objectives of a controlled-drinking program authorized by the regulations are lawful notwithstanding the provisions of any other general or local statute, regulation, or ordinance controlling alcohol.

(h) Disposition of Blood Evidence. – Notwithstanding any other provision of law, any blood or urine sample subject to chemical analysis for the presence of alcohol, a controlled substance or its metabolite, or any impairing substance pursuant to this section may be destroyed by the analyzing agency 12 months after the case is filed or after the case is concluded in the trial court and not under appeal, whichever is later, without further notice to the parties. However, if a Motion to Preserve the evidence has been filed by either party, the evidence shall remain in the custody of the analyzing agency or the agency that collected the sample until dispositive order of a court of competent jurisdiction is entered.

SECTION 2. This act becomes effective October 1, 2016, and applies to trials commencing on or after that date.

In the General Assembly read three times and ratified this the 1st day of June, 2016.

Session Law 2016-11

H.B. 632

AN ACT TO PROTECT STUDENT ONLINE PRIVACY.

The General Assembly of North Carolina enacts:

SECTION 1. Article 29 of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-401.2. Student online privacy protection.

(a) Definitions. – The following definitions apply in this section:

(1) Covered information. – Personally identifiable information or material in any media or format that is any of the following:

a. Created by or provided to an operator by a student, or the student's parent or legal guardian, in the course of the student's, parent's, or legal guardian's use of the operator's site, service, or application for K-12 school purposes.

b. Created by or provided to an operator by an employee or agent of a K-12 school or local school administrative unit for K-12 school purposes.

c. Gathered by an operator through the operation of a site, service, or application for K-12 school purposes and personally identifies a student, including, but not limited to, the following:

1. Information in the student's educational record or electronic mail.

2. First and last name.

3. Home address.

4. Telephone number.

5. Electronic mail address.

6. Other information that allows physical or online contact.

7. Discipline records.
8. Test results.
9. Special education data.
13. Criminal records.
14. Medical records.
15. Health records.
17. Biometric information.
18. Disabilities.
19. Socioeconomic information.
20. Food purchases.
22. Religious information.
23. Text messages.
24. Documents.
25. Student identifiers.
27. Photos.
29. Geolocation information.

(2) Interactive computer service. – As defined in 47 U.S.C. § 230.
(3) K-12 school. – A charter school, a regional school, or a school that offers any of grades kindergarten to 12 operated by a local board of education.
(4) K-12 school purposes. – Purposes that are directed by or that customarily take place at the direction of a K-12 school, a teacher, a local board of education, or the State Board of Education, or aid in the administration of school activities, including, but not limited to, instruction in the classroom or at home, administrative activities, and collaboration between students, school personnel, or parents, or are for the use and benefit of the K-12 school.
(5) Local board of education. – A local board as defined in G.S. 115C-5(5), a regional school board of directors as defined in G.S. 115C-238.61(5), or a board of directors of a nonprofit corporation operating a charter as provided in G.S. 115C-218.15.
(6) Operator. – To the extent that it is operating in this capacity, the operator of an Internet Web site, online service, online application, or mobile application with actual knowledge that the site, service, or application is used primarily for K-12 school purposes and was designed and marketed for K-12 school purposes. An operator does not include a K-12 school or local board of education that operates an Internet Web site, online service, online application, or mobile application for that K-12 school or local board of education's own K-12 school purposes.
(7) Subcontractor. – An entity providing a service to an operator under contract and on its behalf to further a K-12 school purpose.
(8) Targeted advertising. – Presenting an advertisement to a student where the advertisement is selected based on information obtained or inferred over time from that student's online behavior, usage of applications, or covered information. Targeted advertising does not include advertising to a student at an online location based upon that student's current visit to that location, or in response to that student's request for information or feedback, without the
(b) Prohibitions for Operators. – An operator shall not knowingly do any of the following:

(1) Engage in targeted advertising on the operator's site, service, or application, or target advertising on any other site, service, or application if the targeting of the advertising is based on any information, including covered information and persistent unique identifiers, that the operator has acquired because of the use of that operator's site, service, or application for K-12 school purposes.

(2) Use information, including persistent unique identifiers, created or gathered by the operator's site, service, or application, to amass a profile about a student except in furtherance of K-12 school purposes. As used in this subdivision, "amass a profile" does not include the collection and retention of account information that remains under the control of the student, the student's parent or guardian, or K-12 school.

(3) Sell or rent a student's information, including covered information. This subdivision does not apply to the purchase, merger, or other type of acquisition of an operator by another entity, if the operator or successor entity complies with this section regarding previously acquired student information, or to national assessment providers if the provider secures the express written consent of the parent or student who is at least 13 years of age given in response to clear and conspicuous notice, solely to provide access to employment, educational scholarships or financial aid, and to postsecondary educational opportunities.

(4) Except as otherwise provided in subsection (d) of this section, disclose covered information unless the disclosure is made for the following purposes:

   a. In furtherance of the K-12 school purpose of the site, service, or application, if the recipient of the covered information disclosed under this sub-subdivision does not further disclose the information unless done to allow or improve operability and functionality of the operator's site, service, or application.

   b. To ensure legal and regulatory compliance or protect against liability.

   c. To respond to or participate in the judicial process.

   d. To protect the safety or integrity of users of the site or others or the security of the site, service, or application.

   e. To a third party for a school, educational, or employment purpose requested by the student or the student's parent or guardian, provided that that information is required not to be used or further disclosed by the third party for any other purpose.

   f. To a subcontractor, if the operator contractually prohibits the subcontractor from using any covered information for any purpose other than providing the contracted service to or on behalf of the operator, prohibits the subcontractor from disclosing any covered information provided by the operator with subsequent third parties, and requires the subcontractor to implement and maintain reasonable security procedures and practices. This sub-subdivision does not prohibit the operator's use of information for maintaining, developing, supporting, improving, or diagnosing the operator's site, service, or application.

(c) Requirements for Operators. – An operator shall do all of the following:
(1) Implement and maintain reasonable security procedures and practices appropriate to the nature of the covered information and protect that covered information from unauthorized access, destruction, use, modification, or disclosure.

(2) Delete a student's covered information within 45 days if the K-12 school or local board of education requests deletion of covered information under the control of the K-12 school or local board of education, or the K-12 school or local board of education notifies the operator of completion of services with that operator, unless a student who is at least 13 years of age, a parent, or a guardian provides express written consent given in response to clear and conspicuous notice to the maintenance of the covered information.

(d) Permissible Use or Disclosure of Information. – An operator may use or disclose covered information of a student under the following circumstances:

(1) If other provisions of federal or State law require the operator to disclose the information and the operator complies with the requirements of federal and State law in protecting and disclosing that information.

(2) As long as no covered information is used for advertising or to amass a profile on the student for purposes other than K-12 school purposes, for legitimate research purposes as required by State or federal law and subject to the restrictions under applicable State and federal law or as allowed by State or federal law in furtherance of K-12 school purposes or postsecondary educational purposes.

(3) To a K-12 school, local school administrative unit, or the State Board of Education, for K-12 school purposes, as permitted by State or federal law.

(4) At the direction of a K-12 school, local school administrative unit, or the State Board of Education, for K-12 school purposes, as permitted by State or federal law.

(e) Permissible Operator Actions. – This section does not prohibit an operator from doing any of the following:

(1) Using covered information that is not associated with an identified student within the operator's site, service, or application or other sites, services, or applications owned by the operator to improve educational products.

(2) Using covered information that is not associated with an identified student to demonstrate the effectiveness of the operator's products or services, including in their marketing.

(3) Sharing covered information that is not associated with an identified student for the development and improvement of educational sites, services, or applications.

(4) Using recommendation engines to recommend to a student either of the following:

   a. Additional content relating to an educational, other learning, or employment opportunity purpose within the operator's site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party.

   b. Additional services relating to an educational, other learning, or employment opportunity purpose within the operator's site, service, or application if the recommendation is not determined in whole or in part by payment or other consideration from a third party.

(5) Responding to a student's request for information or for feedback to help improve learning without the information or response being determined in whole or in part by payment or other consideration from a third party.

(f) Limitations. – This section does not do any of the following:
(1) Limit the authority of a law enforcement agency to obtain any content or information from an operator as authorized by law or under a court order.

(2) Limit the ability of an operator to use student data, including covered information, for adaptive learning or customized student learning purposes.

(3) Apply to general audience Internet Web sites, general audience online services, general audience online applications, or general audience mobile applications, even if login credentials created for an operator's site, service, or application may be used to access those general audience sites, services, or applications.

(4) Limit service providers from providing Internet connectivity to schools or students and their families.

(5) Prohibit an operator of an Internet Web site, online service, online application, or mobile application from marketing educational products directly to parents if the marketing did not result from the use of covered information obtained by the operator through the provision of services covered under this section.

(6) Impose a duty upon a provider of an electronic store, gateway, marketplace, or other means of purchasing or downloading software or applications to review or enforce compliance with this section on those applications or software.

(7) Impose a duty upon a provider of an interactive computer service to review or enforce compliance with this section by third-party content providers.

(8) Prohibit students from downloading, exporting, transferring, saving, or maintaining their own student data or documents.

(g) A parent, K-12 school, teacher, local board of education, or the State Board of Education may report an alleged violation of this section to the Attorney General. The Attorney General, upon ascertaining that an operator has violated this section, may bring a civil action seeking injunctive and other equitable relief. Nothing in this section shall be construed to create a private right of action.

SECTION 2. This act becomes effective October 1, 2016.

In the General Assembly read three times and ratified this the 2nd day of June, 2016.

Session Law 2016-12

H.B. 1037

AN ACT TO AUTHORIZE THE LINCOLNTON-LINCOLN COUNTY AIRPORT AUTHORITY TO ENTER INTO CERTAIN CONTRACTS FOR A PERIOD GREATER THAN TWENTY-FIVE YEARS, TO MAKE TECHNICAL CORRECTIONS TO THE SESSION LAWS RELATED TO THE AIRPORT AUTHORITY, AND TO TRANSFER THE FORMER DAVIE COUNTY CORRECTIONAL CENTER PROPERTY TO THE DAVIE COUNTY BOARD OF COMMISSIONERS.

The General Assembly of North Carolina enacts:

SECTION 1. Subsection (a) of Section 4 of Chapter 10 of the Session Laws of the 1996 Second Extra Session reads as rewritten:

"Sec. 4. (a) The Airport Authority shall constitute a body, both corporate and politic, and shall have the following powers and authority:

…

(10) To operate, own, lease, control, regulate, or grant to others, for a period not to exceed 25-50 years, the right to operate on any airport premises restaurants, snack bars, vending machines, food and beverage dispensing outlets, rental car services, catering services, novelty shops, insurance sales, advertising media, merchandising outlets, motels, hotels, barber shops, automobile parking and storage facilities, automobile service establishments,
and all other types of facilities as may be directly or indirectly related to the maintenance and furnishing to the general public of a complete air terminal installation.

(11) To contract with persons, firms, or corporations for terms not to exceed 25-50 years, for the operation of airline-scheduled passenger and freight flights, nonscheduled flights, and any other airplane activities not inconsistent with the grant agreements under which the airport property is held.

(12) To erect and construct buildings, hangars, shops, and other improvements and facilities, not inconsistent with or in violation of the agreements applicable to and the grants under which the real property of the airport is held; to lease these improvements and facilities for a term or terms not to exceed 25-50 years; to borrow money for use in making and paying for these improvements and facilities, secured by and on the credit only of the lease agreements in respect to these improvements and facilities, and to pledge and assign the leases and lease agreements as security for the authorized loans.

..."

SECTION 2. Chapter 286 of the 1977 Session Laws is repealed.

SECTION 3. The State of North Carolina shall convey to the Davie County Board of Commissioners, for consideration of one dollar ($1.00), all its rights, titles, and interests in that portion of the former Davie County Correctional Center property that resides in Parcels J-4-23 and J-3-24, Davie County Tax Maps, as seen in the Office of the Tax Administrator's office in Davie County, North Carolina, that lies west of the western right-of-way of Westside Drive in Mocksville, North Carolina. This property consists of approximately 23.62 acres. The conveyance is subject to a reversionary interest reserved by the State. The property shall be conveyed to the Davie County Board of Commissioners for so long as it is utilized for county government purposes.

SECTION 4. The State of North Carolina shall convey the real property described in Section 3 of this act "as is" and "where is" without warranty. The State makes no representations or warranties concerning the title to the property, the boundaries of the property, the uses to which the property may be put, zoning, local ordinances, or any physical, environmental, health, and safety conditions relating to the property. All costs associated with the conveyance of the property shall be borne by Davie County.

SECTION 5. The conveyance of the State's rights, titles, and interests in the real property described in Section 3 of this act shall be exempt from the provisions of Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146 of the General Statutes, provided that the provisions of G.S. 146-74 shall not apply.

SECTION 6. Sections 3, 4, and 5 of this act become effective October 1, 2016. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 9th day of June, 2016.

Session Law 2016-13

H.B. 1083

AN ACT AMENDING THE CHARTER OF THE CITY OF WILMINGTON TO ALLOW PROPOSED ORDINANCES TO BE SUBMITTED TO THE CITY COUNCIL BY PETITION SIGNED BY ELECTORS OF THE CITY EQUAL IN NUMBER TO TWENTY-FIVE PERCENT OF THE TOTAL NUMBER OF REGISTERED VOTERS RESIDING WITHIN THE CITY AT THE TIME OF THE LAST REGULAR MUNICIPAL ELECTION.
The General Assembly of North Carolina enacts:

SECTION 1. Section 5.1 of the Charter of the City of Wilmington, being Chapter 495 of the 1977 Session Laws, as amended by Chapter 367 of the 1983 Session Laws, reads as rewritten:

"Sec. 5.1. Initiative ordinances generally.
(a) Any proposed ordinance may be submitted to the council by petition signed by electors of the city equal in number to the percentages hereinafter required. If the petition accompanying the proposed ordinance is signed by electors of the city equal in number to twenty-five percent (25%) of the votes cast at the last preceding total number of registered voters residing within the City of Wilmington at the time of the last regular municipal election and contains a request that such ordinance be submitted to a vote of the people, if not passed by the council, the council shall either:

(1) Pass the ordinance without alteration within 20 days after the city clerk and the New Hanover County Board of Elections have certified the sufficiency of the accompanying petition; or

(2) Within 20 days after the city clerk and the New Hanover County Board of Elections have certified the sufficiency of the petition, the council shall call a special election to be held within six months, unless a general election is fixed within six months thereafter. At such special or general election the ordinance shall be submitted without alteration to the vote of the electors of the city.

...."

SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 9th day of June, 2016.

Session Law 2016-14

AN ACT TO REVISE SENATE BILL 612 THAT PROVIDED FOR THE MERGER AND CONSOLIDATION OF THE SCHOOL ADMINISTRATIVE UNITS IN NASH COUNTY AND THE CITY OF ROCKY MOUNT.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Section 20 of Chapter 391 of the 1991 Session Laws reads as rewritten:

"Sec. 20.(a) Beginning July 1, 1992, July 1, 2016, and for each school year thereafter the Nash-Rocky Mount Board of Education shall annually submit a school budget to the Nash County Board of Commissioners for approval in accordance with Article 31 of Chapter 115C of the General Statutes. The Nash-Rocky Mount Board of Education shall also submit the annual budget to the Edgecombe County Board of Commissioners, which shall review the budget and provide recommendations on adoption of the budget to the Nash County Board of Commissioners. The Nash-Rocky Mount Board of Education and the Nash County Board of Commissioners shall make their best efforts to achieve a fair, reasonable, and practical appropriation of capital outlay and debt service funds for those schools in the Nash-Rocky Mount School Administrative Unit located in Edgecombe County. Final approval of the Nash-Rocky Mount School Administrative Unit school budget shall be made by the Nash County Board of Commissioners.

(b) The County Commissioners of Edgecombe County shall appropriate to the Nash-Rocky Mount School Administrative Unit local current expense funds as provided by G.S. 115C-430.

(c) In addition, beginning July 1, 1992, and for each school year thereafter, all capital outlay funds coming into the possession of the County Commissioners of Edgecombe County, whether such funds be derived from taxation, the proceeds of bonds or notes, appropriations from profits of the Alcoholic Beverage Control Stores, loans or grants from the State or federal
governments, or any agency or subdivision thereof, or from any other source whatsoever, shall be apportioned between the school administrative unit or units serving that portion of Edgecombe County lying outside of the boundaries of the Nash-Rocky Mount School Administrative Unit and the Nash-Rocky Mount School Administrative Unit for that portion of Edgecombe County lying within the boundaries of the Nash-Rocky Mount School Administrative Unit on a per capita basis according to the of each unit, and appropriated in conformity with the method set out in G.S. 115C-430 in like manner and to the same extent as if such capital outlay funds were current expense funds. Beginning July 1, 2016, the Edgecombe County Board of Commissioners shall provide the Edgecombe proportional share of the capital outlay fund, including costs of new capital expenditures, new acquisitions, construction, reconstruction, enlargements, renovations, or replacement of buildings and other structures, current and future debt service, annual capital outlay, and other capital expenditures of the Nash-Rocky Mount School Administrative Unit. The Edgecombe proportional share shall be the percentage of the capital outlay budget equal to the percentage of students enrolled in the Nash-Rocky Mount School Administrative Unit domiciled in Edgecombe County.

(d) If the finance officers of the Nash-Rocky Mount School Administrative Unit, Nash County, and Edgecombe County, respectively, cannot agree by consensus on the amounts to be paid under this section, then the boards of each entity shall select by consensus a certified public accountant with expertise in school finance, to be paid in equal shares by each entity, to determine the amounts to be paid.

**SECTION 1.(b)** This section is effective when it becomes law.

**SECTION 2.(a)** Section 20(b) of Chapter 391 of the 1991 Session Laws, as amended by Section 1 of this act, reads as rewritten:

"(b) The County Commissioners of Edgecombe County shall appropriate to the Nash-Rocky Mount School Administrative Unit local current expense funds as provided by G.S. 115C-430. Beginning July 1, 2020, the County Commissioners of Edgecombe County shall appropriate to the Nash-Rocky Mount School Administrative Unit the Edgecombe proportional share of the local current expense funds appropriated in the annual school budget approved by the Nash County Board of Commissioners. The Edgecombe proportional share shall be the percentage of the appropriated local current expense funds equal to the percentage of students enrolled in the Nash-Rocky Mount School Administrative Unit domiciled in Edgecombe County. Notwithstanding G.S. 115C-430, the County Commissioners of Edgecombe County shall not be required to apportion local current expense funds according to the membership of the Edgecombe County School Administrative Unit and the membership of the Nash-Rocky Mount School Administrative Unit."

**SECTION 2.(b)** This section becomes effective July 1, 2020.

**SECTION 3.(a)** Section 21 of Chapter 391 of the 1991 Session Laws reads as rewritten:

"Sec. 21. (a) The City shall be authorized to appropriate to the Nash-Rocky Mount School Administrative Unit, from funds derived from sources other than ad valorem taxation, funds for the current expense and capital outlay needs of the Nash-Rocky Mount School Administrative Unit as herein provided.

(b) Beginning July 1, 1992, July 2, 2016, and for each school year thereafter, the City shall appropriate local current expense funds to the Nash-Rocky Mount School Administrative Unit, from funds of the City derived from sources other than ad valorem taxation, an amount equal to any current expenditure differential between Nash and Edgecombe Counties as hereinafter defined. The current expenditure differential for each school year shall be the product of the number of students attending school in the Nash-Rocky Mount School Administrative Unit who reside within that portion of the City Administrative Unit located in the County with the lower current per pupil expenditure, multiplied by the amount which the current per pupil appropriation made by the Board of Commissioners of the county with the higher current per pupil expenditure to the Nash-Rocky Mount School Administrative Unit..."
exceeds the current per pupil appropriation made by the county with the lower current per pupil expenditure to the Nash-Rocky Mount School Administrative Unit.

c) The Rocky Mount City Council and the county commissioners shall each appropriate $500,000 per year for 10 consecutive years, beginning July 1, 1992, for school capital improvements within the city of Rocky Mount. In addition, the City shall pay for the extension of all electrical, water, sewer, and natural gas lines to the property line of the Winstead Avenue school site, if such site is used for a new school building.

SECTION 3. (b) This section becomes effective July 1, 2016.


SECTION 5. Notwithstanding Chapter 391 of the 1991 Session Laws, beginning July 1, 2020, the "Nash-Rocky Mount School Administrative Unit" shall be named the "Nash School Administrative Unit," and the "Nash-Rocky Mount Board of Education" shall be the "Nash Board of Education."

SECTION 6.(a) A local board of education shall not file any legal action under G.S. 115C-426, 115C-431, or 115C-432 challenging the sufficiency of the funds appropriated by the board of county commissioners to the local current expense fund, the capital outlay fund, or both. This subsection expires upon the adoption of the 2026-2027 fiscal year budget by the appropriate board of county commissioners. The board of county commissioners shall approve a school budget that provides an amount per pupil annually for local current expense funds that is equal to or greater than the per pupil amount for local current expense funds appropriated by the board of county commissioners for the 2016-2017 fiscal year.

SECTION 6.(b) This section applies only to the County of Nash.

SECTION 7. If Edgecombe County or the City of Rocky Mount fail to provide the required annual funding directed by this act, upon review and certification by the Local Government Commission that the required funding has not been provided, and the failure of Edgecombe County or the City of Rocky Mount to make full payment of the required funding within one month of the certification, the following shall occur:

1) Effective July 1 of the following calendar year, the boundaries of the Nash-Rocky Mount School Administrative Unit shall be identical to the boundaries of Nash County, and shall be renamed as the Nash School Administrative Unit, and the boundaries of the Edgecombe School Administrative Unit shall be identical to the boundaries of Edgecombe County.

2) Effective July 1 of the following calendar year, the term of office of any local board of education member not residing within the local school administrative unit of the board on which the member serves shall expire.

3) Prior to July 1 of the following calendar year, notwithstanding G.S. 115C-37, Chapter 391 of the 1991 Session Laws, and Chapter 809 of the 1991 Session Laws, the boards of the school administrative units of Nash and Edgecombe shall each revise the electoral districts for the respective boards to reflect the boundaries of each school administrative unit as of July 1, as provided in subdivision (1) of this section. Notwithstanding G.S. 163-278, the boards of the school administrative units of Nash and Edgecombe, respectively, shall have the authority to call a special election to fill any vacancies created by the electoral district revisions.

4) Within 120 days of the certification by the Local Government Commission that the required funding has not been provided, the boards of the school administrative units of Nash and Edgecombe in consultation with the boards of county commissioners of Nash and Edgecombe Counties shall jointly submit to the State Board of Education for approval a written plan for transfer of that portion of the Nash-Rocky Mount School Administrative Unit located in Edgecombe County to the Edgecombe School Administrative
Unit. The provisions of the plan shall be consistent with the General Statutes and shall contain, but not be limited to, the following:

a. The power, authority, and duties of the Nash Board of Education and Edgecombe Board of Education with respect to the employment of personnel, the preparation of budgets, student assignment, and any other related matters relevant to the area to be transferred effective July 1, not inconsistent with the General Statutes.

b. The transfer of all funds, contracts, obligations, assets, and liabilities relevant to the area to be transferred effective July 1, from the Nash-Rocky Mount Board of Education to the Edgecombe Board of Education, including, but not limited to, consideration of real property, furnishings and improvements, encumbered and unencumbered property, equipment, buses, band and sports equipment, textbooks, other instructional materials, and library resources, computers, and supplies.

c. Any other appropriate subject or function that may be necessary for the orderly transfer of the portion of the Nash-Rocky Mount School Administrative Unit located in Edgecombe County to be transferred to the Edgecombe School Administrative Unit effective July 1.

If a written plan of transfer is not submitted as herein provided, or if the State Board of Education does not approve the submitted plan prior to the March 15 immediately preceding the transfer date of July 1, the State Board of Education shall prepare an approved plan of transfer to be effective June 1 for the July 1 transition. No plan of transfer shall become effective until approval is granted by the State Board of Education. Upon approval of the State Board of Education, the plan of transfer shall become final and shall be deemed to have been made by authority of law and shall not be changed or amended except by an act of the General Assembly. The approved written plan shall be placed in the custody of the Nash Board of Education and Edgecombe Board of Education and a copy filed with the Secretary of State.

(5) Except as otherwise provided for in the transfer agreement approved as provided in subdivision (4) of this section, the title to and ownership of all property of the Nash-Rocky Mount Board of Education located in Edgecombe County, both real and personal of every kind and description, shall be vested in the Edgecombe Board of Education, and the Boards of Education shall execute all deeds and other instruments of conveyance as may be necessary and appropriate to vest record title to and ownership of any property located in Edgecombe County held by the Nash-Rocky Mount Board of Education in and to the Edgecombe Board of Education on or before the transfer date of July 1.

(6) Except as otherwise provided for in the transfer agreement approved as provided in subdivision (4) of this section:

a. All claims and demands of every kind related to the public schools of the Nash-Rocky Mount School Administrative Unit located in Edgecombe County as of the July 1 transfer date, shall pass and be transferred to the Edgecombe Board of Education, and the Edgecombe Board of Education shall have the same powers and authority to enforce said claims and demands as the Nash-Rocky Mount School Administrative Unit would have had in the event of the continued control of those public schools.

b. Any obligations and liabilities related to the public schools of the Nash-Rocky Mount School Administrative Unit located in Edgecombe County existing as of the July 1 transfer date shall
become the obligations and liabilities of the Edgecombe Board of Education as of that July 1, and such obligations and liabilities may be enforced against the Edgecombe Board of Education thereafter to the same extent that they might have been enforced against the Nash-Rocky Mount Board of Education prior to the transfer.

SECTION 8. If any provision of this act or its application is held invalid, the invalidity does not affect the other provisions or applications of this act that can be given effect without the invalid provisions or applications, and to this end, the provisions of this act are severable.

SECTION 9. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-16

AN ACT AMENDING THE CHARTER OF THE CITY OF HENDERSONVILLE TO ALLOW THE MAYOR AND COUNCIL MEMBERS TO RECEIVE COMPENSATION FOR THEIR SERVICES AS PROVIDED BY GENERAL LAW.

The General Assembly of North Carolina enacts:

SECTION 1. Section 3.4 of the Charter of the City of Hendersonville, being Chapter 874 of the 1971 Session Laws, as amended, reads as rewritten:

"Sec. 3.4. Compensation of Mayor and Councilmen. Council Members. The Mayor and council members shall receive for their services such salary-salaries as the City Council shall determine, and no increase or reduction in his salary shall be made to take effect during the term in which it is voted. The Council may establish a salary for its members which may be increased or reduced, but no increase shall be made to take effect as to any Councilman during the respective term of office which he is serving at the time the increase is voted, determine, from time to time, in accordance with the applicable general laws of this State."

SECTION 2. At any place in the Charter of the City of Hendersonville where the term "Councilman" appears, that term shall be changed to "Council Member." At any place in the Charter of the City of Hendersonville where the term "Councilmen" appears, that term shall be changed to "Council Members."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-16

AN ACT AUTHORIZING THE TOWN OF ANDREWS TO EXERCISE EXTRATERRITORIAL PLANNING JURISDICTION WITHIN A MILE OF THE TOWN'S CORPORATE LIMITS WITH THE APPROVAL OF THE BOARD OF COMMISSIONERS OF CHEROKEE COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-360 reads as rewritten:


(a) All of the powers granted by this Article may be exercised by any city within its corporate limits. In addition, with the approval of the board of county commissioners, any city may exercise these powers within a defined area extending not more than one mile beyond its limits. With the approval of the board or boards of county commissioners with jurisdiction over the area, a city of 10,000 or more population but less than 25,000 may exercise these powers

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over an area extending not more than two miles beyond its limits and a city of 25,000 or more population may exercise these powers over an area extending not more than three miles beyond its limits. The boundaries of the city's extraterritorial jurisdiction shall be the same for all powers conferred in this Article. No city may exercise extraterritorially any power conferred by this Article that it is not exercising within its corporate limits. In determining the population of a city for the purposes of this Article, the city council and the board of county commissioners may use the most recent annual estimate of population as certified by the Secretary of the North Carolina Department of Administration.

SECTION 2. This act applies to the Town of Andrews only.

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

AN ACT AUTHORIZING THE STATE HEALTH DIRECTOR TO PRESCRIBE OPIOID ANTAGONIST BY MEANS OF A STATEWIDE STANDING ORDER, WITH IMMUNITY FROM CIVIL AND CRIMINAL LIABILITY FOR SUCH ACTION, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 90-106.2 is recodified as G.S. 90-12.7.

SECTION 2. G.S. 90-12.7, as enacted by Section 1 of this act, reads as rewritten:

§ 90-12.7. Treatment of overdose with opioid antagonist; immunity.

(a) As used in this section, "opioid antagonist" means naloxone hydrochloride that is approved by the federal Food and Drug Administration for the treatment of a drug overdose.

(b) The following individuals may prescribe an opioid antagonist in the manner prescribed by this subsection:

(1) A practitioner acting in good faith and exercising reasonable care may directly or by standing order prescribe an opioid antagonist to (i) a person at risk of experiencing an opiate-related overdose or (ii) a family member, friend, or other person in a position to assist a person at risk of experiencing an opiate-related overdose. As an indicator of good faith, the practitioner, prior to prescribing an opioid under this subsection, may require receipt of a written communication that provides a factual basis for a reasonable conclusion as to either of the following:

(a) The person seeking the opioid antagonist is at risk of experiencing an opiate-related overdose.

(b) The person other than the person who is at risk of experiencing an opiate-related overdose, and who is seeking the opioid antagonist, is in relation to the person at risk of experiencing an opiate-related overdose:

   a. A family member, friend, or other person.

   b. In the position to assist a person at risk of experiencing an opiate-related overdose.

(2) The State Health Director may prescribe an opioid antagonist pursuant to subdivision (1) of this subsection by means of a statewide standing order.

(b1) A pharmacist may dispense an opioid antagonist to a person described in subdivision (b)(1) of this section pursuant to a prescription issued in accordance with pursuant to subsection (b) of this section. For purposes of this section, the term "pharmacist" is as defined in G.S. 90-85.3.
(c) A person who receives an opioid antagonist that was prescribed pursuant to subsection (b) of this section may administer an opioid antagonist to another person if (i) the person has a good faith belief that the other person is experiencing a drug-related overdose and (ii) the person exercises reasonable care in administering the drug to the other person. Evidence of the use of reasonable care in administering the drug shall include the receipt of basic instruction and information on how to administer the opioid antagonist.

(d) All of the following individuals are immune from any civil or criminal liability for actions authorized by this section:

(1) Any practitioner who prescribes an opioid antagonist pursuant to subsection (b) of this section.

(1a) Any pharmacist who dispenses an opioid antagonist pursuant to subsection (b1) of this section.

(2) Any person who administers an opioid antagonist pursuant to subsection (c) of this section.

(3) The State Health Director acting pursuant to subsection (b) of this section."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-19

AN ACT TO AMEND THE BUNCOMBE SCHOOL CAPITAL FUND COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 134 of the 1983 Session Laws reads as rewritten:

"Section 1. There is hereby created a Commission to be known as the School Capital Fund Commission for Buncombe County, which Commission shall have and possess all the powers conferred by this act and such other powers as may be useful or necessary to permit it fully to carry out the purposes of this act. The Commission is hereby declared to be a corporation with
perpetual succession, the right to adopt and use a corporate seal, to sue and to be sued, and to hold, manage and control the moneys and properties received by it under the provisions of this act. It shall have the right to make reasonable rules and regulations for the conduct of its business.

"Sec. 2. The Commission shall consist of five members. Initial members of the Commission shall be Richard B. Stone, Ronald K. Payne, John F. Shuford, Nilous M. Avery, and John L. Simmons, who shall each serve for a term ending June 30, 1985, or as soon thereafter as his successor is appointed. After June 30, 1985, members Members of the Commission shall serve two-year terms and shall be appointed as follows: one appointed by the Asheville City Council, one appointed by the Asheville City Board of Education, one appointed by the Buncombe County Board of Education, one appointed by the Buncombe County Board of Commissioners, and one appointed by the other four appointees. A member appointed by a local governing board or a school board shall serve at the pleasure of that board. The member appointed by the other appointees shall serve at the pleasure of the majority of the other appointees. Any vacancy occurring during the term of the original appointees shall be filled by the other members of the Commission. Vacancies occurring after June 30, 1985, shall be filled by the appointing authority of the member creating the vacancy to fill the unexpired term.

"Sec. 3. A quorum shall be three members of the Commission.

"Sec. 4. The first meeting of the Commission shall be held within 30 days after the ratification of this act, at which meeting, or any adjournment thereof, the Commission shall organize, adopt bylaws or rules and regulations to govern its procedure and the conduct of the business and affairs of the Commission and appoint a chairman and vice-chairman from among its membership who shall serve a one-year term and appoint a secretary for a one-year term and until their successors are appointed by the Commission. The finance officer for Buncombe County shall be the finance officer of the Commission. The county finance officer shall give bond for the faithful performance of his duties as the finance officer of the Commission in an amount determined by the Commission. The finance officer of the Commission shall manage the funds of the Commission only as directed by the Commission. At said meeting, the Commission shall appoint an attorney of the Commission and fix his compensation, such attorney to serve at the pleasure of the Commission. The Commission may fix the compensation for the attorney.

"Sec. 5. Regular or stated meetings of the Commission shall be held at such time and place as may be provided by the Commission in its bylaws or rules and regulations, and special meetings may be held on the call of the chairman after due notice.

"Sec. 6. One half of any local government sales and use tax revenue distributed to Buncombe County under G.S. 105-472, and one half of any State sales and use tax revenue distributed to Buncombe County, G.S. 105-472 shall be paid to the Commission by the Secretary of Revenue. This section does not affect the distribution of any local or State sales and use tax revenue to the municipalities in Buncombe County.

"Sec. 7. All of the special property tax levied by Buncombe County for necessary capital outlay improvements of County and City Schools in Buncombe County, approved by the voters of Buncombe County in 1959, shall be appropriated by Buncombe County to the Commission and paid by the Tax Collector to the Commission.

"Sec. 8. Any other capital funds appropriated by Buncombe County or any other governmental entity for public school construction of any amount, and public school improvement and renovation projects exceeding fifty thousand dollars ($50,000) in Buncombe County shall be paid to the Commission, provided that the board of county commissioners may choose to designate funds under this section to a specific account under Section 11 of this act rather than prorata pursuant to Article 40 and Article 42 of Chapter 105 of the General Statutes shall be apportioned among the Asheville City Board of Education and the Buncombe County Board of Education according to the membership of each unit using the process set forth in G.S. 115C-430. Buncombe County shall maintain separate internal accounts for each school.
board in order to comply with this section. These funds are not under the control of the School Capital Fund Commission.

"Sec. 9. All funds received by the Commission under Sections 6, 7, and 8 of this act shall be placed in a capital reserve fund as provided in Part 2 of Article 3 of Chapter 159 of the General Statutes. The capital reserve fund shall be known as the Public School Capital Needs Fund.

"Sec. 10. All funds in the capital reserve fund Public School Capital Needs Fund shall be used to finance public school capital construction and renovation projects in Buncombe County that exceed one hundred thousand dollars ($100,000), or to retire any indebtedness incurred by the county or a local school board for these purposes. The Commission shall annually divide the funds received that year into two accounts, one for the Buncombe County Board of Education and one for the Asheville City Board of Education. The division of funds shall be pro rata according to average daily membership in the two systems. If the funds in the capital reserve fund are to be expended to retire any indebtedness incurred by the county, they shall be drawn out of the two accounts established by this section pro rata, according to the average daily membership in the two systems. Any funds not expended in a fiscal year shall remain in that system's account for use in later years, including any accrued interest. The Commission shall consider the capital needs of both the Buncombe County School System and the Asheville City School System, prioritize those needs, and recommend projects to be funded from the Public School Capital Needs Fund to the board of county commissioners based on the priority of needs determined.

"Sec. 11. Moneys in the Public School Capital Reserve Needs Fund shall be subject to appropriation by the board of county commissioners. The Commission shall disburse such moneys as a ministerial duty upon receiving a written request from the board of county commissioners after the county board of commissioners has adopted an ordinance and after receipt of a written request from the appropriate board of education indicating it is prepared to enter into a contract, and G.S. 115C-521 shall continue to apply.

"Sec. 12. The reasonable and necessary expenses of the Commission, including the compensation of its officers and employees and the cost of any bond required by it, shall be paid by the County of Buncombe. The chairman of the Commission shall, on or about the first day of each calendar month, certify to the governing body of Buncombe County the expenses of the Commission incurred during the preceding month, and the governing body of the county shall forthwith, and within five days thereafter, cause to be paid to the Commission the expenses required to be paid. All such payments shall be charged to the general fund of the county.

"Sec. 13. Sections 1 through 5 and 13 of this act are effective upon ratification. Sections 6 through 12 shall become effective July 1, 1983. The Secretary shall make the first distribution of local sales and use tax revenue to the Commission at the end of the quarter that begins on July 1, 1983."

SECTION 2. The School Capital Fund Commission for Buncombe County created by Chapter 134 of the 1983 Session Laws is not constituted as of June 1, 2016. The appointing authorities under Section 2 of Chapter 134 of the 1983 Session Laws, as amended by this act, are directed to make their respective appointments to the Commission as soon as practical. The members appointed under this section will serve for a two-year term beginning July 1, 2016. At its first meeting, the Commission must organize itself as provided in Section 4 of Chapter 134 of the 1983 Session Laws, as amended by this act.

SECTION 3. All projects currently appropriated from one of the two accounts in the capital reserve fund created pursuant to Chapter 134 of the 1983 Session Laws carry forward and remaining balances roll forward to the Public School Capital Needs Fund managed by the School Capital Fund Commission. All other sales taxes and other school capital funds are not under control of the School Capital Fund Commission and will continue to be appropriated on the required pro rata basis and recorded in separate funds.
SECTION 4. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 21st day of June, 2016.

Session Law 2016-20

AN ACT PROVIDING THAT THE CATAWBA, CLEVELAND, AND GASTON COUNTY SHERIFF'S OFFICES MAY CONTRACT FOR THE PURCHASE OF FOOD AND FOOD SERVICES SUPPLIES FOR THE COUNTY'S DETENTION FACILITY WITHOUT BEING SUBJECT TO THE REQUIREMENTS OF CERTAIN STATE PURCHASE AND CONTRACT LAWS AND AUTHORIZING CLEVELAND, GASTON, AND YANCEY COUNTIES AND THE MUNICIPALITIES IN THOSE COUNTIES TO TRANSFER RETIRED SERVICE ANIMALS OWNED BY THE LOCAL GOVERNMENT.

The General Assembly of North Carolina enact:

SECTION 1. Section 2 of S.L. 2015-158 reads as rewritten:

"SECTION 2. This act applies only to the following counties: Jones, Catawba, Cherokee, Cleveland, Gaston, Haywood, Henderson, Iredell, Jones, Lincoln, Madison, Orange, Transylvania, and Yancey."

SECTION 2. Article 12 of Chapter 160A of the General Statutes is amended by adding a new section to read:

§ 160A-279.5. Disposition of animals.
(a) Upon the governing body determining any horse, dog, or other animal owned by the local government is no longer fit or needed for public service, the governing body may transfer ownership of the animal at a price determined by the governing body and upon any other terms and conditions as the governing body deems appropriate to any of the following individuals, if that individual agrees to accept ownership, care, and custody of the animal:

(1) The officer or employee who had normal custody and control of the animal during the animal's public service to the local government.
(2) A surviving spouse, or in the event such officer or employee dies unsurvived by a spouse, surviving children of the officer or employee killed in the line of duty who had normal custody and control of the animal during the animal's public service to the local government.
(3) An organization or program dedicated to the assistance or support of animals retired from public service.
(b) This section applies only to the Counties of Cleveland, Gaston, and Yancey all of the municipalities that lie in whole, or in part, in those counties."

SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 21st day of June, 2016.

Session Law 2016-21

AN ACT TO ENHANCE THE PARTICIPATION OF RETIREE MEMBERS ON THE RETIREMENT COMMISSION OF THE WINSTON-SALEM EMPLOYEES RETIREMENT FUND.

The General Assembly of North Carolina enact:

SECTION 1. Section 4 of Chapter 296 of the Public-Local Laws of 1939, as amended, reads as rewritten:

"Sec. 4. That the contributions required to cover the cost of benefits based on prior service shall be sufficient to fund the liability for sure prior service in not more than forty years from
the date of the establishment of such fund. The ordinance shall provide that the required contributions by such members as hereinbefore mentioned shall be collected by deducting the amounts so required from the salary or wages due such members. The ordinance may provide for the appointment or election of a retirement board or board of trustees, and for the delegation to such board of such powers and duties as may be deemed necessary to carry out the intent and purpose for which said fund is established. If such retirement board or board of trustees is provided for by ordinance, the said board shall consist of a member or members of the governing body of the City of Winston-Salem, an employee or employees entitled to participate in said fund, a retiree or retirees participating in said fund, and one or more citizens of the State of North Carolina not officially connected with the governing body of any municipality or entitled to participate in the benefits of said fund.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of June, 2016.

Session Law 2016-22

H.B. 956

AN ACT PROVIDING THAT HENDERSON COUNTY IS AUTHORIZED TO CONSTRUCT COMMUNITY COLLEGE BUILDINGS ON THE CAMPUS OF BLUE RIDGE COMMUNITY COLLEGE.

The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding G.S. 115D-9, 115D-15.1, 143-341(3), or any other provision of law, Henderson County is hereby authorized to construct or renovate community college buildings, as that term is defined in G.S. 143-336, on the campus of Blue Ridge Community College located within Henderson County, provided that Henderson County complies with all of the following:

2. Article 8 of Chapter 143 of the General Statutes (Public Contracts).
3. Article 8 of Chapter 159 of the General Statutes (Financing Agreements and Other Financing Arrangements).
5. Henderson County consults with the Board of Trustees of Blue Ridge Community College about programming requirements for the buildings and keeps the Board of Trustees informed as to the construction process and progress.
6. Henderson County funds all projects entirely with County funds.

SECTION 2. Henderson County and the Board of Trustees of Blue Ridge Community College may enter into a memorandum of understanding to allow for the construction of community college buildings authorized by Section 1 of this act in a timely fashion and cost-efficient manner, if deemed appropriate by the parties.

SECTION 3.(a) Within 30 days of the effective date of this act, the Board of Trustees of Blue Ridge Community College shall transfer title to the following property to Henderson County for the life of any debt incurred against the property by Henderson County for the construction or renovation of community college buildings authorized by Section 1 of this act:

BEING all of Lot 1, consisting of 3.33 acres, more or less, as shown on survey of Plat recorded at Plat Slide 10120 (also Book 2016, Page 10120(1)) in the Office of the Register of Deeds for Henderson County, North Carolina, which survey is incorporated herein by reference for greater certainty of description.

SECTION 3.(b) Upon the satisfaction of any debt incurred against the property described in this section, Henderson County shall transfer title to the property back to the Board
of Trustees of Blue Ridge Community College. If no debt is incurred against the property described in this section by Henderson County for the construction or renovation of community college buildings on or before December 31, 2020, Henderson County shall transfer title to the property back to the Board of Trustees of Blue Ridge Community College.

SECTION 4. Henderson County and the Board of Trustees of Blue Ridge Community College may enter into a lease agreement in accordance with G.S. 160A-274 for any space in County-owned buildings located within Henderson County, if deemed appropriate by the parties.

SECTION 5. Sections 1 and 2 of this act are effective when they become law and apply only to construction and renovation projects by Henderson County on the campus of Blue Ridge Community College located within Henderson County between January 1, 2015, and December 31, 2020. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 22nd day of June, 2016.

Session Law 2016-23

AN ACT TO MAKE LEGISLATIVE CHANGES TO FACILITATE THE WORK OF THE BOUNDARY COMMISSION IN CONFIRMING AND REESTABLISHING THE ORIGINAL BOUNDARY EXISTING BETWEEN THE STATES OF NORTH CAROLINA AND SOUTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

SECTION 1.(a) Findings. – The General Assembly finds that:

(1) North Carolina and South Carolina were created as separate British colonies.
(2) Surveys to determine the boundary between North Carolina and South Carolina began in 1735 and concluded in 1815.
(3) Resurveys of three sections of the boundary between North Carolina and South Carolina were performed in 1813, 1905, and 1928.
(4) The boundary between North Carolina and South Carolina has not changed; however, over the course of time from the original survey of the boundary, some of the markers denoting the boundary from the original surveys have been lost or destroyed by the elements.
(5) The boundary commission authorized pursuant to Chapter 141 of the General Statutes has worked with commissioners appointed by South Carolina to reestablish the boundary between North Carolina and South Carolina.

SECTION 1.(b) Intent. – It is the intent of the General Assembly to address the effects on persons or land with a situs recognized, as a result of a boundary certification, to be in this State and to avoid disputes with such persons or owners of such land. This act does not apply to persons whose property, rights, and businesses are not affected by boundary certification. For purposes of this act, "boundary certification" means the certification by the General Assembly of the boundary between North Carolina and South Carolina, as provided for in subsection (c) of this section.

SECTION 1.(c) Certification. – For purposes other than property tax, the General Assembly hereby certifies that, as of January 1, 2017, the boundary between North Carolina and South Carolina is the boundary that was established by the original survey and resurveys that were adopted through legislative and executive actions, and the reestablished boundary has been approved by the boundary commissions of North Carolina and South Carolina and proclaimed as the boundary by the Governor, pursuant to G.S. 141-5. For property tax purposes, the General Assembly hereby certifies that, as of January 1 of the year following the year this act becomes effective or the year an executive order has been issued by the Governor...
proclaiming the boundary between North Carolina and South Carolina, whichever is earlier, the boundary between North Carolina and South Carolina is the boundary that was established by the original survey and resurveys that were adopted through legislative and executive actions, and the reestablished boundary has been approved by the boundary commissions of North Carolina and South Carolina and proclaimed as the boundary by the Governor, pursuant to G.S. 141-5.

PART II. TAX LIABILITY

SECTION 2.(a) Taxes. – The following provisions apply to taxes affected by boundary certification:

1. Neither the State nor a subdivision of the State may assess a tax on a person for activities occurring prior to the date of certification where the basis of the assessment is the certification.

2. The State and its subdivisions may assess a tax for activities occurring on or after the date of certification subject to the following conditions:
   a. For taxes imposed for a taxable period, the tax may not be imposed for a period beginning prior to the date of certification.
   b. For sales and use taxes for an item that is provided and billed on a monthly or other periodic basis, the tax may not be assessed for periods beginning prior to the date of certification.
   c. For a person subject to taxes levied under Article 2A of Chapter 105 of the General Statutes who, on the date of the certification, has on hand any tobacco products, the person must file a complete inventory of the tobacco products within 20 days after date of certification and must pay an additional tax to the Secretary of Revenue when filing the inventory. The amount of the tax due is the amount due based on the current tax rate less any tax paid on the inventory to another state.
   d. For installments and carryforwards of tax benefits allowed by this State at the time of boundary certification for activities with a situs in South Carolina, a person may claim remaining installments and carryforwards against State tax liability.
   e. For land that is classified under G.S. 105-277.3 at the time of boundary certification and that fails to meet the size requirements of G.S. 105-277.3 solely because of boundary certification, (i) no deferred taxes are due as a result of boundary certification, (ii) the deferred taxes remain a lien on the land located in this State, and (iii) the deferred taxes for the land in this State are otherwise payable in accordance with G.S. 105-277.3. The tax benefit provided in this sub-subdivision is forfeited if any portion of the land located in this State is sold.
   f. For land receiving a property tax benefit other than classification under G.S. 105-277.3 at the time of boundary certification that fails to meet the requirements for the property tax benefit solely because of boundary certification, the land is not entitled to receive the property tax benefit after the time of boundary certification unless it meets the statutory requirements, but the lien on the land for the deferred taxes is extinguished as if it has been paid in full.

3. A person may not seek a refund for activities occurring prior to the date of certification where the basis of the refund is the certification.

SECTION 2.(b) An establishment to which permits may be issued pursuant to G.S. 18B-1006(n1), as enacted by this act, is designated a special class of property under Section 2(2) of Article V of the North Carolina Constitution, and the motor fuel sold by that establishment is taxable in accordance with this section. Notwithstanding G.S. 105-449.80, the
motor fuel excise tax rate for an establishment to which permits may be issued pursuant to G.S. 18B-1006(n1), as enacted by this act, is sixteen cents (16¢) per gallon. The Revenue Laws Study Committee shall annually compare the motor fuel excise tax rate imposed by this section with the rate levied by the State of South Carolina on motor fuels and may recommend a change in the rate imposed by this section to an amount no greater than the rate then in effect for the State of South Carolina. An establishment designated as a special class of property by this section may obtain monthly refunds on the difference between the motor fuel excise tax imposed under G.S. 105-449.80 and the motor fuel excise tax imposed by this section. The Department shall calculate for each calendar year the difference between the motor fuel excise tax that would have been imposed under G.S. 105-449.80 on the motor fuel sold by an establishment classified by this section in the absence of this classification and the motor fuel excise tax that was imposed on the motor fuel sold by the establishment due to the classification. The difference in taxes, together with any interest, penalties, or costs that may accrue thereon, are a lien on the real property underlying the establishment as provided in G.S. 105-355(a). The difference in taxes shall be carried forward in the records of the Department as deferred taxes. The deferred taxes for the preceding three calendar years are due and payable on the day this subsection becomes ineffective due to the occurrence of a disqualifying event; provided, however, the amount collected for deferred taxes pursuant to this subsection does not exceed the tax value of the property. A disqualifying event occurs when the title to the real property underlying the establishment is transferred to a new owner. A lien for deferred taxes is extinguished when the amount required by this subsection is paid.

SECTION 2.(c) For property tax purposes, this Part is effective on the date of certification applicable to property tax purposes provided in Section 1(c) of this act. For all other purposes, this Part is effective for taxable periods beginning on or after January 1, 2017.

PART III. INSTRUMENTS OF TITLE TO REAL PROPERTY

SECTION 3.(a) The North Carolina Geodetic Survey shall record the final survey of the confirmed boundary in the office of the register of deeds in every county in this State where real property has been affected by the certification of the boundary. The applicable uniform fees provided in G.S. 161-10 shall apply to the recordation of the final survey. The register of deeds shall register and index the surveys in accordance with the provisions of Article 2 of Chapter 161 of the General Statutes.

SECTION 3.(b) For parcels of real property affected by the certification of the boundary, situated in whole or in part within the boundaries of this State, the North Carolina Geodetic Survey shall record a Notice of Affected Parcel in the office of the register of deeds in the county or counties where each affected parcel is situated. The register of deeds shall register and index the Notice in accordance with the provisions of Article 2 of Chapter 161 of the General Statutes. Notwithstanding any other provision of law to the contrary, the register of deeds shall not collect any fees or taxes for the Notice recorded pursuant to this subsection. The Notice shall contain at least all of the following information:

(1) Reference to this act.
(2) The recording reference for the final survey of the confirmed boundary recorded pursuant to subsection (a) of this section.
(3) The names of the record owners of the parcel.
(4) The property address of the parcel.
(5) A tax parcel identification number or other applicable identifier used by a county tax office, if available.
(6) A brief description of the parcel, if available.
(7) A source deed reference for the parcel, if available.

SECTION 3.(c) Title to real property previously treated as being subject to the jurisdiction of the State of South Carolina but that is recognized as being within the boundaries of this State as a result of the certification of the boundary is not affected by the certification of the boundary or the recognition of the real property as being within the boundaries of this State.
All conveyances and instruments of title, of any sort, made prior to the certification of the boundary shall be recognized and given full faith and credit in this State according to the law, jurisdiction, and terms in effect at the time of the conveyance in the jurisdiction the property was previously treated as being subject to. For the purposes of this subsection, "instruments of title" means any instrument that affects title or constitutes the chain of title to real property, including, but not limited to, all deeds, wills, estate documents evidencing transfer of title, plats, surveys, easements, rights-of-way, outstanding mortgages and deeds of trust, judicial orders or decrees, and documents evidencing intestate succession.

SECTION 3.(d) Liens recorded prior to the date of boundary certification with the register of deeds or docketed with the clerk of superior court in the county in this State where the affected parcel is situated shall attach, as a class, to the affected parcel as of the effective date and time of the boundary certification. This class of liens shall be assigned priority as of the date of boundary certification but shall retain the same priority among themselves as if this subsection did not apply.

SECTION 3.(e) The Commissioner of Insurance shall not take any of the following actions with respect to a real estate title insurance company that previously operated only in South Carolina and issued a policy of title insurance in compliance under South Carolina law for a parcel of real estate now determined to be located wholly or partially in North Carolina:

1. Require a certificate of authority to do business as a real estate title insurance company under Article 26 of Chapter 58 of the General Statutes.
2. Take enforcement action against any title insurance company for failure to comply with the requirements of Article 26, 27, or 28 of Chapter 58 of the General Statutes applicable to real estate title insurance companies in North Carolina or any other statutory or regulatory requirements applicable to all insurance companies in North Carolina.

Nothing in this section is intended to prevent the Commissioner of Insurance from entering into a memorandum of agreement with the South Carolina Department of Insurance with respect to enforcement of South Carolina law against real estate title insurance companies subject to this section.

PART IV. FORECLOSURE OF DEEDS OF TRUST AND MORTGAGES

SECTION 4.(a) Foreclosure actions initiated on real property encumbered by a security instrument recorded in South Carolina wherein the real property is situated, in whole or in part, within the certified North Carolina boundaries shall be governed by the terms of the security instrument sought to be enforced for that portion of real property recognized as being in a different state. If the security instrument contains a power of sale clause, the party seeking to enforce the terms of the security instrument may initiate a foreclosure action in the county where the real property is situated pursuant to Chapter 45 of the General Statutes. A party seeking to enforce the terms of the security instrument may also resort to judicial foreclosure, pursuant to Article 29A of Chapter 1 of the General Statutes, in accordance with the terms within the security instrument. Judgments or orders of foreclosure entered by courts of this State are binding and effective only with respect to the portion of real property situated within this State. Prior to initiating an action to enforce a security instrument, the security instrument or a certified copy shall be recorded in the office of the register of deeds for the county where the subject property is situated. The provisions of G.S. 45-10(a) shall apply with regard to the appointment or substitution of a trustee for any mortgage or deed of trust foreclosed pursuant to this section.

SECTION 4.(b) Notwithstanding any other provision of law to the contrary, for mortgages foreclosed pursuant to subsection (a) of this section, a mortgagor or its successors or assigns shall be entitled to bid at a foreclosure sale conducted pursuant to a judgment or order of foreclosure entered by the courts of this State.
PART V. PUBLIC SCHOOL STUDENT ENROLLMENT

SECTION 5.(a) Notwithstanding any other provision of law, a student who (i) was eligible to enroll in a North Carolina local school administrative unit in accordance with G.S. 115C-366 prior to the date of the certification and (ii) loses the eligibility to enroll in a public school, including a charter school, as a result of certification may attend a North Carolina public school located within the local school administrative unit or attend a North Carolina charter school, without the payment of tuition, until that student:

1. Reaches the age of 21.
2. Obtains a high school diploma.
3. No longer meets the requirements of G.S. 115C-366 that were the basis for the student's eligibility for enrollment prior to the date of certification.
4. Loses eligibility pursuant to subsection (b) of this section.

SECTION 5.(b) A student who attends a North Carolina public school or charter school under subsection (a) of this section and the student's parent, legal guardian, or custodian shall be subject to the laws and rules governing North Carolina public schools and charter schools in accordance with Chapter 115C of the General Statutes, including meeting the requirements of the compulsory attendance law under Part I of Article 26 of Chapter 115C of the General Statutes.

Notwithstanding the enforcement provisions of G.S. 115C-378(f), 115C-380, 115C-381, and 115C-382, a parent, guardian, or custodian of a student enrolled in a North Carolina public school or charter school under this section who is determined by the principal of the student's public school or the charter school to be in violation of the compulsory attendance laws shall no longer be eligible to enroll the student in a North Carolina public school or charter school pursuant to subsection (a) of this section in a subsequent semester of the school year. In addition, the local school administrative unit or charter school in which the student is enrolled shall notify, based on the student's place of residence in South Carolina, the juvenile court or such other court in the county that has jurisdiction of juveniles and, if applicable, the attendance supervisor for that county.

SECTION 5.(c) The State Board of Education shall provide that a student enrolled in a North Carolina public school or charter school in accordance with subsection (a) of this section be included in calculations for average daily membership, reporting for the Uniform Education Reporting System, and eligibility for State and federal funds.

SECTION 5.(d) Except as otherwise provided by this section or G.S. 115C-366, a student who is a legal resident of South Carolina shall not be entitled to enroll in a North Carolina public school.

PART VI. DRIVER EDUCATION ELIGIBILITY/BEGINNER LICENSE

SECTION 6.(a) Notwithstanding State Board of Education policy, GCS-R-004, or any other provision of law, if a student enrolled in a North Carolina public school or charter school under subsection (a) of Section 5 of this act obtains a beginner's permit in South Carolina, the student shall be eligible to participate in behind-the-wheel instruction as part of a driver education course offered by the local school administrative unit in which the student is enrolled.

SECTION 6.(b) Notwithstanding G.S. 20-11(b)(1), a student who (i) as a result of the boundary certification becomes a legal resident of North Carolina on the date of the certification and (ii) is enrolled in a South Carolina school district in which his or her residence was located prior to certification or in the South Carolina statewide public charter school district may meet the requirement in G.S. 20-11(b)(1) for obtaining a limited learner's permit if the student passes a course of driver education offered by the South Carolina high school in which the student is enrolled.

SECTION 6.(c) The Department of Transportation, Division of Motor Vehicles, in collaboration with the State Board of Education, shall develop a procedure for any North Carolina resident who is a student enrolled in a South Carolina school pursuant to the
conditions described in subsection (b) of this section to satisfy the driver eligibility certificate requirements of G.S. 20-11 to obtain and continue to hold a limited or full provisional license under this section.

PART VII. ELIGIBILITY FOR IN-STATE TUITION

SECTION 7.(a) Notwithstanding any other provision of law, independent persons and their dependents formerly domiciled in North Carolina counties who are domiciled in South Carolina counties as a result of the North Carolina-South Carolina boundary certification may be considered eligible for in-State tuition rates for a period of up to 10 years from the effective date of the boundary change. To be eligible for in-State tuition rates, such persons must have been domiciled and reside on property in North Carolina in accordance with G.S. 116-143.1 immediately prior to the effective date of North Carolina legislation approving the North Carolina-South Carolina boundary certification and must maintain residence and domicile on that same property within South Carolina.

SECTION 7.(b) Notwithstanding any other provision of law, independent persons and their dependents previously domiciled on property in South Carolina which is located in North Carolina as a result of the North Carolina-South Carolina boundary certification may, for a period of two years from the effective date of the boundary certification, be eligible for in-State rates without the requirement of residency and domicile for 12 months in this State provided such independent persons have evidenced the intent to establish domicile in North Carolina in accordance with G.S. 116-143.1. To be eligible under this provision, such persons must reside on the same property that was in South Carolina immediately prior to the effective date of North Carolina legislation approving the certified North Carolina-South Carolina boundary. To maintain eligibility for in-State tuition rates longer than the two years permitted under this paragraph, the independent persons and their dependents must satisfy the requirements of G.S. 116-143.1.

SECTION 7.(c) The provisions established under subsections (a) and (b) of this section are not transferable to persons other than those independent persons and their dependents falling within the scope of those provisions.

SECTION 7.(d) Should the domicile and residence of independent persons and their dependents change from the property affected by the boundary certification, maintenance of eligibility for in-State rates will be determined as provided in G.S. 116-143.1.

PART VIII. ABC PERMITS

SECTION 8. G.S. 18B-1006 is amended by adding a new subsection to read:

"(n1) State Boundary Certification. – The Commission may issue permits listed in G.S. 18B-1001(2) and (4), without approval at an election, to qualified establishments defined in G.S. 18B-1000(7) that meet all of the following requirements:

(1) The establishment is located in a county that borders on another state.
(2) The establishment was located in another state as a result of a state boundary certification.
(3) The establishment was licensed or permitted by the previous state of record to sell malt beverages and unfortified wine."

PART IX. TITLE, REGISTRATION, AND HIGHWAY USE TAX

SECTION 9.(a) Definition. – For purposes of this section, "impacted person" shall mean any person who is the owner of a motor vehicle titled and registered in South Carolina and who has now been determined to be a resident of North Carolina as a result of a boundary certification agreed to by the states of North Carolina and South Carolina.

SECTION 9.(b) The Division of Motor Vehicles of the Department of Transportation shall require title, registration, and the payment of highway use tax from impacted persons in the same manner as it currently uses for persons moving to North Carolina from another state.
PART X. ENVIRONMENTAL COMPLIANCE SCHEDULE

SECTION 10.(a) Definition. – For purposes of this section, "impacted location" shall mean any facility or property that has now been determined to be located in North Carolina as a result of a boundary certification recognized by the states of North Carolina and South Carolina, and, as a result, either of the following applies to the facility or property:

(1) It is required to obtain a permit, license, or approval from the North Carolina Department of Environmental Quality.

(2) It is subject to a permit, license, or approval program that is operated by a local government and is delegated from or approved by the North Carolina Department of Environmental Quality.

SECTION 10.(b) Notwithstanding any other provision of law to the contrary, the Department of Environmental Quality, the Environmental Management Commission, or any local program delegated or approved by the Department or the Commission (collectively, the "permitting authorities"), in issuing any environmental permit, license, or approval to an impacted location, shall provide a schedule of compliance that allows the recipient of the permit, license, or approval a period of no less than five years to come into compliance with any North Carolina environmental rule or standard established by the permitting authorities that (i) has no corresponding rule or standard under South Carolina law or regulation or (ii) is more stringent than the corresponding rule or standard established under South Carolina law or regulations. The permitting authorities may include increments of progress applicable in each year of the schedule established under this subsection. The owner or operator of an impacted location may waive the schedule of compliance required by this subsection. Nothing in this section is intended to limit the applicability or employment of existing procedures under North Carolina statutes and regulations granting waivers or variances from otherwise applicable environmental rules or standards.

PART XI. UTILITIES/EXTENSION OF RURAL FIRE PROTECTION DISTRICTS, COUNTY SERVICE DISTRICTS, AND WATER AND SEWER DISTRICTS

SECTION 11.(a) The owner or occupant of a dwelling unit or commercial establishment on improved property that shall be deemed located in whole or in part in the State of North Carolina as a result of the boundary certification described in this act may continue to receive utility services from the South Carolina utility or its successor that is providing service to the dwelling unit or commercial establishment on January 1, 2017. However, the owner or occupant may, within his or her discretion, elect to have one or more of the utility services being provided to the property by a South Carolina utility on January 1, 2017, be provided by a North Carolina utility as long as the property is located within the North Carolina utility's service area. A North Carolina utility that is a city or county may require the owner of the property to pay a periodic availability fee authorized by law only if the owner elects to have utility service provided to the dwelling unit or commercial establishment by the North Carolina utility. A South Carolina utility that provides service to the property as authorized in this section is not a public utility under G.S. 62-3(23), and is not subject to regulation by the North Carolina Utilities Commission as it relates to providing the particular utility service involved. For purposes of this subsection only, the term "South Carolina utility" has the same meaning as the term "utility" or "utilities" in the Code of Laws of South Carolina, and the term "North Carolina utility" has the same meaning as the term "public utility" which is defined in G.S. 62-3(23), and also includes a city or county that provides any of the services listed in G.S. 160A-311 or G.S. 153A-274, an authority organized under the North Carolina Water and Sewer Authorities Act, or an electric or telephone membership corporation.

SECTION 11.(b) The governing body of a county that gains territory as a result of the boundary certification described in this act shall meet as soon as practicable after the date this act becomes law to determine whether the residents of the territory (i) require the services provided by an existing rural fire protection district established under Article 3A of Chapter 69 of the General Statutes or a county service district established under Article 16 of Chapter
153A of the General Statutes or (ii) would benefit from the services provided by an existing county water and sewer district established under Article 6 of Chapter 162A of the General Statutes. If the governing body finds that the residents of the territory require or would benefit from the services of the district, the governing body shall annex the territory to the district as provided in G.S. 69-25.11(1), 153A-303, and 162A-87.1.

PART XII. SEVERABILITY AND EFFECTIVE DATE

SECTION 12.(a) If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end, the provisions of this act are severable.

SECTION 12.(b) Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of June, 2016.

Session Law 2016-24  S.B. 748

AN ACT TO CHANGE THE REPORTING DATE OF THE BLUE RIBBON COMMISSION TO STUDY THE BUILDING AND INFRASTRUCTURE NEEDS OF THE STATE, AS RECOMMENDED BY THE BLUE RIBBON COMMISSION TO STUDY THE BUILDING AND INFRASTRUCTURE NEEDS OF THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1. Section 8(f) of S.L. 2014-42 reads as rewritten:

"SECTION 8.(f) The Commission may make an interim report of its findings and recommendations to the 2015 General Assembly and shall make a final report of its findings and recommendations to the 2016 Regular Session of the 2015-2017 General Assembly. The Commission shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-25  H.B. 256

AN ACT TO ALLOW PARTIALLY DISABLED VETERANS TO PARK IN A HANDICAPPED PARKING SPACE WHEN DISPLAYING THE PARTIALLY DISABLED VETERAN SPECIAL PLATE AND TO PROVIDE THAT MEDICAL CERTIFICATION AND RECERTIFICATION REQUIREMENTS FOR HANDICAPPED PARKING PRIVILEGES MAY BE SATISFIED BY A DISABILITY DETERMINATION ISSUED BY THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS INDICATING THE PERSON IS HANDICAPPED.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-37.6(e)(1) reads as rewritten:

"(1) To park or leave standing any vehicle in a space designated with a sign pursuant to subsection (d) of this section for handicapped persons when the vehicle does not display the distinguishing license plate, removable windshield placard, or temporary removable windshield placard as provided in this section, or a disabled veteran registration plate issued under G.S. 20-79.4; or a partially disabled veteran registration plate issued under G.S. 20-79.4;"

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SECTION 2. G.S. 20-37.6(c1) reads as rewritten:
"(c1) Application and Renewal; Physician's Certification. – The initial application for a distinguishing license plate, removable windshield placard, or temporary removable windshield placard shall be accompanied by a certification of a licensed physician, a licensed ophthalmologist, or optometrist or of a licensed optometrist, or the Division of Services for the Blind that the applicant is handicapped or by a disability determination by the United States Department of Veterans Affairs that the applicant is handicapped. The application for a temporary removable windshield placard shall contain additional certification to include the period of time the certifying authority determines the applicant will have the disability. Distinguishing license plates shall be renewed annually, but subsequent applications shall not require a medical certification that the applicant is handicapped. Removable windshield placards shall be renewed every five years, and the renewal shall require a medical recertification that the person is handicapped. Temporary removable windshield placards shall expire no later than six months after issuance."

SECTION 3. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 20th day of June, 2016.

Session Law 2016-26

AN ACT TO ENHANCE CRIMINAL PENALTIES FOR PERSONS WHO COMMIT A TRESPASS TO REAL PROPERTY BY REENTERING AFTER REMOVAL PURSUANT TO A VALID ORDER OR BY KNOWINGLY CREATING OR PRESENTING A FALSE DOCUMENT OF TITLE OR POSSESSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-159.12 reads as rewritten:

"§ 14-159.12. First degree trespass.
(a) Offense. – A person commits the offense of first degree trespass if, without authorization, he enters or remains:
(1) On premises of another so enclosed or secured as to demonstrate clearly an intent to keep out intruders; or
(2) In a building of another.
(b) Except as otherwise provided in subsection (c) or (d) of this section, first degree trespass is a Class 2 misdemeanor.

(f) A violation of subsection (a) of this section is a Class I felony and shall include a fine of not less than one thousand dollars ($1,000) for each violation, if any of the following circumstances exist:
(1) The offense occurs on real property where the person has reentered after having previously been removed pursuant to the execution of a valid order or writ for possession.
(2) The offense occurs under color of title where the person has knowingly created or provided materially false evidence of an ownership or possessory interest."

SECTION 2. This act becomes effective December 1, 2016, and applies to offenses committed on or after that date.
In the General Assembly read three times and ratified this the 20th day of June, 2016.
AN ACT TO REQUIRE A LICENSE TO OPERATE A BEACH BINGO GAME, TO AUTHORIZE THE STATE BUREAU OF INVESTIGATION TO CHARGE AND COLLECT THAT LICENSING FEE, AND TO MAKE IT A CRIMINAL OFFENSE TO VIOLATE THE BEACH BINGO LICENSING REQUIREMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 14-309.14 is amended by adding the following new subdivision:

"(5) A person shall not operate a beach bingo game at any location without first obtaining a license as provided by this subdivision. Any person operating a beach bingo game without a license is guilty of a Class 2 misdemeanor. The procedure for obtaining an application for a beach bingo license shall be as follows:

a. The application for a beach bingo license shall be made to the State Bureau of Investigation on a form prescribed by the Bureau. The Bureau shall charge an initial application fee of three hundred dollars ($300.00) and an annual renewal fee of three hundred dollars ($300.00) to defray the cost of issuing beach bingo licenses and handling enforcement. The fees collected shall be deposited in the General Fund of the State. This license shall expire one year after the granting of the license but may be renewed yearly upon payment of the renewal fee.

b. Each application and renewal application shall contain all of the following information:

1. The name and address of the applicant and if the applicant is a corporation, association, or other similar legal entity, the name and home address of each of the officers of the organization as well as the name and address of the directors, or other persons similarly situated, of the organization.

2. The location at which the applicant will conduct the bingo games. If the premises are leased, a copy of the lease or rental agreement.

c. Any false information provided in an application for a beach bingo license is cause for suspension of that license and is also a Class 2 misdemeanor.

d. All books, papers, records, and documents relevant to determining whether an individual has acted or is acting in compliance with this section shall be open to inspection by the State Bureau of Investigation at reasonable times and during reasonable hours."

SECTION 2. The State Bureau of Investigation may take the necessary actions to develop and implement the application process. Beginning October 1, 2016, the State Bureau of Investigation may accept applications, charge and collect application fees, and issue licenses as provided by G.S. 14-309.14(5), as enacted by this act.

SECTION 3. The Revisor of Statutes is directed to replace any reference to the "Department of Public Safety" with the "State Bureau of Investigation" wherever it appears in Part 2 of Article 37 of Chapter 14 of the General Statutes.
AN ACT AUTHORIZING CRIMINAL RECORD CHECKS OF ANY CURRENT OR PROSPECTIVE EMPLOYEES, VOLUNTEERS, OR CONTRACTORS OF THE OFFICE OF STATE CONTROLLER, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON GENERAL GOVERNMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-426.39 reads as rewritten:

"§ 143B-426.39. Powers and duties of the State Controller.

The State Controller shall:

... (18) Require a criminal history record check of any current or prospective employee, volunteer, or contractor, which shall be conducted by the State Bureau of Investigation as provided in G.S. 143B-966. The criminal history report shall be provided to the State Controller and is not a public record under Chapter 132 of the General Statutes."

SECTION 2. Subpart D of Part 4 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read as follows:

"§ 143B-966. Criminal record checks for the Office of State Controller.

The Department of Public Safety may provide to the Office of State Controller from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Office of State Controller. The Office of State Controller shall provide to the Department of Public Safety, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the Department of Public Safety. The fingerprints of the current or prospective employee, volunteer, or contractor shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Office of State Controller shall keep all information obtained pursuant to this section confidential. The Department of Public Safety may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.
AN ACT TO CLARIFY THE LAW GOVERNING THE CENTRAL MOTOR FLEET, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON GENERAL GOVERNMENT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-341(8)i. reads as rewritten:

"(8) General Services:

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

…

2. To acquire passenger motor vehicles by transfer from other State agencies and by purchase. All motor vehicles transferred to or purchased by the Department shall become part of a central motor fleet.

…

4. To maintain, store, repair, dispose of, and replace state-owned motor vehicles under the control of the Department, using best management practices. The Department shall ensure that state-owned vehicles are replaced when most cost effective using a replacement formula developed by the Department and reviewed periodically for appropriateness of use. The Department shall report semiannually to the cochairs of the Joint Appropriations Subcommittee on General Government, on or before October 15 and March 15, on the effect of any new or revised replacement formula on the cost of operating the central motor fleet, including the amount of any savings from use of any new or revised replacement formula.

…

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

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

I. Pursuit vehicles and full size four-wheel drive vehicles $.24/mile.

II. Vans and compact four-wheel drive vehicles – $.22/mile.

III. All other vehicles – $.20/mile.

7. To adopt, with the approval of the Governor, reasonable rules for the efficient and economical operation, maintenance, repair, and replacement, as limited in paragraph 4, by sub-sub-subdivision 4, of sub-subdivision i, of this subdivision, of all state-owned motor vehicles under the control of the Department, and to enforce those rules; and to adopt, with the approval of the Governor, reasonable rules regulating the use of private motor vehicles upon State business by the officers and employees of State agencies, and
to enforce those rules. The Department, with the approval of the Governor, may delegate to the respective heads of the agencies to which motor vehicles are permanently assigned by the Department the duty of enforcing the rules adopted by the Department pursuant to this paragraph. Any person who violates a rule adopted by the Department and approved by the Governor is guilty of a Class 1 misdemeanor. Nothing in this sub-subdivision shall be construed as prohibiting the Department from contracting with private vendors for short-term rental motor vehicles to be used by officers and employees of State agencies for State business.

7a. To adopt with the approval of the Governor and to enforce rules and to coordinate State policy regarding (i) the permanent assignment of state-owned passenger motor vehicles and (ii) the use of and reimbursement for those vehicles for the limited commuting permitted by this subdivision. For the purpose of this subdivision 7a, “state-owned passenger motor vehicle” includes any state-owned passenger motor vehicle, whether or not owned, maintained or controlled by the Department of Administration, and regardless of the source of the funds used to purchase it. Notwithstanding the provisions of G.S. 20-190 or any other provisions of law, all state-owned passenger motor vehicles are subject to the provisions of this subdivision 7a; no permanent assignment shall be made and no one shall be exempt from payment of reimbursement for commuting or from the other provisions of this subdivision 7a except as provided by this subdivision 7a. Commuting, as defined and regulated by this subdivision, is limited to those specific cases in which the Secretary has received and accepted written justification, verified by historical data. The Department shall not assign any state-owned motor vehicle that may be used for commuting other than those authorized by the procedure prescribed in this subdivision.

A State-owned passenger motor vehicle shall not be permanently assigned to an individual who is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless (i) the individual's duties are routinely related to public safety or (ii) the individual's duties are likely to expose the individual routinely to life-threatening situations. A State-owned passenger motor vehicle shall also not be permanently assigned to an agency that is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless the agency can justify to the Division of Motor Fleet Management the need for permanent assignment because of the unique use of the vehicle. Each agency, other than the Department of Transportation, that has a vehicle assigned to it or has an employee to whom a vehicle is assigned shall submit a quarterly report to the Division of Motor Fleet Management on the miles driven during the quarter by the assigned vehicle. The Division of Motor Fleet Management shall review the report to verify that each motor vehicle has
been driven at the minimum allowable rate. If it has not and if the department by whom the individual to which the car is assigned is employed or the agency to which the car is assigned cannot justify the lower mileage for the quarter, the permanent assignment shall be revoked immediately. The Department of Transportation shall submit an annual report to the Division of Motor Fleet Management on the miles driven during the year by vehicles assigned to the Department or to employees of the Department. If a vehicle included in this report has not been driven at least 12,600 miles during the year, the Department of Transportation shall review the reasons for the lower mileage and decide whether to terminate the assignment. The Division of Motor Fleet Management may not revoke the assignment of a vehicle to the Department of Transportation or an employee of that Department for failure to meet the minimum mileage requirement unless the Department of Transportation consents to the revocation.

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between the individual's official work station and his or her home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall approximate the benefit derived from the use of the vehicle as prescribed by federal law. Reimbursement shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursements on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this paragraph, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this paragraph does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) [Repealed]. (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn law-enforcement officers whose
primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Service regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

The Department of Administration shall revoke the assignment or require the Department owning the vehicle to revoke the assignment of a State-owned passenger motor vehicle, pickup truck or van to any individual who:

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

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

III. Knowingly and willfully supplies false information to the Department of Administration on applications for permanent assignments, commuting reimbursement forms, or other required reports or forms;

IV. Does not personally sign all reports on forms submitted for vehicles permanently assigned to him or her and does not cure the deficiency within 30 days of receiving a request to do so;

V. Abuses the vehicle; or

VI. Violates other rules or policy promulgated by the Department of Administration not in conflict with this act.

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

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

Notwithstanding the provisions of this section and G.S. 14-247, the Department of Administration may allow the organization sanctioned by the Governor's Council on Physical Fitness to conduct the North Carolina State Games
to use State trucks and vans for the State Games of North Carolina. The Department of Administration shall not charge any fees for the use of the vehicles for the State Games. The State shall incur no liability for any damages resulting from the use of vehicles under this provision. The organization that conducts the State Games shall carry liability insurance of not less than one million dollars ($1,000,000) covering such vehicles while in its use and shall be responsible for the full cost of repairs to these vehicles if they are damaged while used for the State Games.

10. To contract with the appropriate State prison authorities for the furnishing, upon such conditions as may be agreed upon from time to time between such State prison authorities and the Secretary, of prison labor for use in connection with the operation of a central motor pool-fleet and related activities.

11. To report annually to the General Assembly on any rules adopted, amended or repealed under paragraphs sub-sub-subdivisions 3, 7, or 7a of this subdivision.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of June, 2016.

Session Law 2016-30

H.B. 1014

AN ACT TO MAKE CONFORMING CHANGES BY REMOVING OBSOLETE REFERENCES TO THE MORE AT FOUR PROGRAM IN THE GENERAL STATUTES, AS RECOMMENDED BY THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES, AND TO RENAME PART 6 OF ARTICLE 1B OF CHAPTER 130A OF THE GENERAL STATUTES TO TAYLOR'S LAW ESTABLISHING THE ADVISORY COUNCIL ON RARE DISEASES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-242 reads as rewritten:

"§ 115C-242. Use and operation of school buses.

Public school buses may be used for the following purposes only, and it shall be the duty of the superintendent of the school of each local school administrative unit to supervise the use of all school buses operated by such local school administrative unit so as to assure and require compliance with this section:

(1) A school bus may be used for the transportation of pupils enrolled in and employees in the operation of the school to which such bus is assigned by the superintendent of the local school administrative unit. Except as otherwise herein provided, such transportation shall be limited to transportation to and from such school for the regularly organized school day, and from and to the points designated by the principal of the school to which such bus is assigned, for the receiving and discharging of passengers. No pupil or employee shall be so transported upon any bus other than the bus to which such pupil or employee has been assigned pursuant to the provisions of this Article: Provided, that children enrolled in a Headstart program or any More at Four NC Pre-K program may be transported on public school buses, and any additional costs associated with such contractual arrangements shall be incurred by the benefitting Head Start or
More at Four – NC Pre-K program: Provided further, that children with disabilities may be transported to and from the nearest appropriate private school having a special education program approved by the State Board of Education if the children to be transported are or have been placed in that program by a local school administrative unit as a result of the State or the unit's duty to provide such children with a free appropriate public education.

SECTION 2. G.S. 143B-168.12(n)(1)n. reads as rewritten:


(a) In order to receive State funds, the following conditions shall be met:

(1) The North Carolina Partnership shall have a Board of Directors consisting of the following 26 members:

n. The Director of the More at Four Pre-Kindergarten – NC Pre-K Program, or the Director's designee."

SECTION 3. Part 6 of Article 1B of Chapter 130A of the General Statutes reads as rewritten:

"Part 6. Taylor's Law Establishing the Advisory Council on Rare Diseases.

§ 130A-33.65. Advisory Council on Rare Diseases; membership; terms; compensation; meetings; quorum.

(a) There is established the Advisory Council on Rare Diseases within the School of Medicine of the University of North Carolina at Chapel Hill to advise the Governor, the Secretary, and the General Assembly on research, diagnosis, treatment, and education relating to rare diseases. This Part shall be known as Taylor's Law Establishing the Advisory Council on Rare Diseases. For purposes of this Part, "rare disease" has the same meaning as provided in 21 U.S.C. § 360bb.

..."

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-31 H.B. 1145

AN ACT TO DISAPPROVE THE GENERAL ANESTHESIA AND SEDATION DEFINITIONS RULE AND CERTAIN RELATED RULES ADOPTED BY THE NORTH CAROLINA BOARD OF DENTAL EXAMINERS AND TO DIRECT THE NORTH CAROLINA BOARD OF DENTAL EXAMINERS NOT TO ENFORCE CERTAIN RULES.

The General Assembly of North Carolina enacts:

SECTION 1. Pursuant to G.S. 150B-21.3(b1), 21 NCAC 16Q .0101 (General Anesthesia and Sedation Definitions), as adopted by the North Carolina Board of Dental Examiners on December 12, 2015, and approved by the Rules Review Commission on March 17, 2016, is disapproved.

SECTION 2. Pursuant to G.S. 150B-21.3(b2), the North Carolina Board of Dental Examiners caused the effective dates of a number of rules that were adopted as part of a group, including the rule disapproved by Section 1 of this act, to be delayed as provided in G.S. 150B-21.3(b1), by submitting a written statement to the Rules Review Commission on March 31, 2016. Except as provided in Section 3 of this act, the rules listed in the Board's written statement are disapproved to the same extent as 21 NCAC 16Q .0101.

SECTION 3. Notwithstanding G.S. 150B-21.3(b2) and the written statement of the North Carolina Board of Dental Examiners dated March 31, 2016, the following rules are effective April 1, 2016:
SECTION 4. Notwithstanding G.S. 150B-21.3(b), the North Carolina Board of Dental Examiners shall not enforce the following rules which became effective April 1, 2016:

21 NCAC 16Q .0301 (Nitrous Oxide Sedation)
21 NCAC 16Q .0302 (Nitrous Oxide Monitoring)
21 NCAC 16O .0401 (Non-Delegable Functions)

The Board shall continue to enforce these rules as they existed prior to the amendments which became effective on April 1, 2016.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-32

H.B. 989

AN ACT AMENDING THE CHARTER OF THE TOWN OF RED CROSS TO AUTHORIZE THE TOWN COUNCIL TO FILL A VACANCY ON THE COUNCIL AND TO CHOOSE ONE OF ITS MEMBERS TO SERVE AS MAYOR PRO TEMPORE.

The General Assembly of North Carolina enacts:

SECTION 1. Article III of the Charter of the Town of Red Cross, being S.L. 2002-56, as amended by S.L. 2015-253, reads as rewritten:

"ARTICLE III. GOVERNING BODY.

"Section 3.3. Manner of Electing Town Council; Term of Office; Office; Vacancy. (a) The qualified voters of the entire Town shall elect the members of the Town Council and, except as provided in this section, they shall be elected to four-year terms. In 2015, two members shall be elected for five-year terms, and the two members whose terms expire in 2017 shall continue to serve until 2018. In 2018, and biennially thereafter, two members shall be elected to four-year terms.

(b) If any elected member of the Town Council shall refuse to be qualified, or if there is a vacancy in the office of a member of the Town Council after election and qualification, the remaining members of the Town Council shall, by majority vote, appoint some qualified person to serve for the unexpired term. A member of the Town Council appointed under this subsection shall have the same authority and powers as if regularly elected.

"Section 3.4A. Mayor Pro Tempore.

The Town Council shall choose one of its members to serve as Mayor Pro Tempore and that person shall perform the duties of the Mayor in the Mayor's absence or disability. The Mayor Pro Tempore shall have no fixed term of office but shall serve in that capacity at the pleasure of the remaining members of the Town Council.

"
SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 23rd day of June, 2016.

Session Law 2016-33 S.B. 160

AN ACT ADOPTING THE VETERANS DAY PARADE HELD IN THE TOWN OF WARSAW AS THE OFFICIAL STATE VETERANS DAY PARADE.

Whereas, the State of North Carolina is proud to host every branch of military service, including Fort Bragg, the largest Army installation in the world, Camp Lejeune, the largest Marine amphibious base in the world, and Seymour Johnson Air Force Base, home of the 4th Fighter Wing of the Air Combat Command; and
Whereas, North Carolina has over 775,000 veterans living in the State, ranking eighth in the nation, and more than 92,500 military retirees living in the State, ranking sixth in the nation; and
Whereas, Duplin County is located in the middle of the major military installations in North Carolina, and throughout its history has provided leaders for America's military and veterans organizations, the most recent being General Dan K. McNeill, a native of Warsaw, and former commander of the NATO International Security Assistance Force in Afghanistan; and
Whereas, the citizens of Warsaw have always been in the forefront when it was necessary to send young men and women to serve in times of war, and several of the Town's finest and brightest young men have given their lives for our country, including five who died during the Vietnam War:
Litchfield Patterson Huey, US Army, killed on February 27, 1967,
William Irvin (Guy) Turner, Jr., US Army, killed on July 8, 1968,
Charles Grey Costin, US Army, killed on November 1, 1968,
Clarence Leon (Boone) McNeil, US Air Force, killed on February 5, 1969, and
Allen Lewis Boney, US Army, killed on May 14, 1970; and
Whereas, the Town of Warsaw began sponsoring an annual Veterans Day Parade in 1921 to recognize America's military history and heritage and to honor all of America's military veterans, living and deceased; and
Whereas, the annual Warsaw Veterans Day Parade now is the oldest, continuously held Veterans Day Parade in the United States and should be recognized as the official State Veterans Day Parade; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 145 of the General Statutes is amended by adding a new section to read:
The Veterans Day Parade held in the Town of Warsaw is adopted as the official Veterans Day Parade in the State of North Carolina."

SECTION 2. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 15th day of June, 2016.
AN ACT TO PROVIDE AN INCREASED PENALTY FOR IMPAIRED BOATING RESULTING IN DEATH OR SERIOUS INJURY AND TO CLARIFY THE PENALTY FOR IMPAIRED BOATING, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON WILDLIFE RESOURCES.

The General Assembly of North Carolina enacts:

SECTION 1. This act shall be known as Sheyenne's Law.

SECTION 2. Article 1 of Chapter 75A of the General Statutes is amended by adding a new section to read:

§ 75A–10.3. Death or serious injury by impaired boating; repeat offenses.

(a) Death by Impaired Boating. — A person commits the offense of death by impaired boating if all of the following apply:

(1) The person unintentionally causes the death of another person.
(2) The person was engaged in the offense of impaired boating under G.S. 75A-10(b1).
(3) The commission of the offense in subdivision (2) of this subsection is the proximate cause of the death.

(b) Serious Injury by Impaired Boating. — A person commits the offense of serious injury by impaired boating if all of the following apply:

(1) The person unintentionally causes serious injury to another person.
(2) The person was engaged in the offense of impaired boating under G.S. 75A-10(b1).
(3) The commission of the offense in subdivision (2) of this subsection is the proximate cause of the serious injury.

(c) Aggravated Serious Injury by Impaired Boating. — A person commits the offense of aggravated serious injury by impaired boating if all of the following apply:

(1) The person unintentionally causes serious injury to another person.
(2) The person was engaged in the offense of impaired boating under G.S. 75A-10(b1).
(3) The commission of the offense in subdivision (2) of this subsection is the proximate cause of the serious injury.
(4) The person has a previous conviction of impaired boating under G.S. 75A-10(b1) within seven years of the date of the offense.

(d) Aggravated Death by Impaired Boating. — A person commits the offense of aggravated death by impaired boating if all of the following apply:

(1) The person unintentionally causes the death of another person.
(2) The person was engaged in the offense of impaired boating under G.S. 75A-10(b1).
(3) The commission of the offense in subdivision (2) of this subsection is the proximate cause of the death.
(4) The person has a previous conviction of impaired boating under G.S. 75A-10(b1) within seven years of the date of the offense.

(e) Repeat Death by Impaired Boating. — A person commits the offense of repeat death by impaired boating if all of the following apply:

(1) The person commits an offense under subsection (a) or subsection (d) of this section.
(2) The person has a previous conviction under at least one of the following:
   a. Subsection (a) of this section.
   b. Subsection (d) of this section.
(f) Punishments. – Unless the conduct is covered under some other provision of law providing greater punishment, the following classifications apply to the offenses set forth in this section:

(1) Repeat death by impaired boating is a Class B2 felony.

(1a) Aggravated death by impaired boating is a Class D felony. Notwithstanding the provisions of G.S. 15A-1340.17, the court shall sentence the defendant in the aggravated range of the appropriate Prior Record Level.

(2) Death by impaired boating is a Class D felony. Notwithstanding the provisions of G.S. 15A-1340.17, intermediate punishment is authorized for a defendant who is a Prior Record Level I offender.

(3) Aggravated serious injury by impaired boating is a Class E felony.

(4) Serious injury by impaired boating is a Class F felony.

(g) No Double Prosecutions. – No person who has been placed in jeopardy upon a charge of death by impaired boating may be prosecuted for the offense of manslaughter arising out of the same death; and no person who has been placed in jeopardy upon a charge of manslaughter may be prosecuted for death by impaired boating arising out of the same death."

SECTION 3. G.S. 75A-10(b4) reads as rewritten:

"(b4) A person who violates subsection (b1) of this section is guilty of a Class 2 misdemeanor, punishable by a fine of and upon conviction, in addition to any other penalty imposed, shall be fined not less than two hundred fifty dollars ($250.00)."

SECTION 4. This act becomes effective December 1, 2016, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Session Law 2016-35  S.B. 787

AN ACT AUTHORIZING THE TOWN OF WALNUT COVE IN STOKES COUNTY TO COMPEL THE TERMINATION OF AN IRREVOCABLE TRUST ESTABLISHED BY THE TOWN FOR THE PURPOSE OF PAYING LAW ENFORCEMENT SPECIAL SEPARATION ALLOWANCE BENEFITS AND AUTHORIZING THE GOVERNING BODY OF STOKES COUNTY TO ADOPT ORDINANCES REGULATING, Restricting, OR PROHIBITING THE POSSESSION OR CONSUMPTION OF ALCOHOL ON NAVIGABLE RIVERS IN THE COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 159-30.2 reads as rewritten:

"§ 159-30.2. Trust for law enforcement special separation allowance benefits.

(a) Trust. – A unit of local government employing local law enforcement officers may establish and fund an irrevocable trust for the purpose of paying law enforcement special separation allowance benefits for which the unit of local government is liable. The irrevocable trust must be established by resolution or ordinance of the unit's governing board. The resolution or ordinance must state the purposes for which the trust is created and the method of determining and selecting the Fund's trustees. The resolution or ordinance establishing the trust may be amended from time to time, but an amendment may not authorize the use of monies in the trust for a purpose not stated in the resolution or ordinance establishing the trust.

(b) Restrictions. – Monies in an irrevocable trust established under subsection (a) of this section may be appropriated only for the purposes for which the trust was established. Monies
in the trust are not subject to the claims of creditors of the entity that established the trust. A unit of local government that establishes a trust may not deposit money in the trust if the total amount held in trust would exceed the unit's actuarial liability, determined in accordance with the standards of the Governmental Accounting Standards Board, for the purpose for which the trust was established.

(c) Termination. – A unit of local government may compel the termination of an irrevocable trust established under this section if the unit (i) disbands its law enforcement agency or department and (ii) presents to the Fund's trustee a resolution or ordinance adopted by the unit's governing body stating the same and providing that the unit does not employ any person in a public safety position that would qualify that person for a special separation allowance under G.S. 143-166.42. Upon receipt of the resolution or ordinance, the Fund's trustee shall distribute the trust property, including principal and undistributed income, to the finance officer of the unit of local government. Trust property distributed to the finance officer may be appropriated for any purpose authorized by law. Nothing in this section shall be construed to relieve a unit of local government from paying special separation allowance benefits for which the unit is liable under G.S. 143-166.42.”

SECTION 1.(b) This section applies to the following municipalities: Town of Walnut Cove.

SECTION 2. The governing body of Stokes County may, by ordinance, regulate, restrict, or prohibit the possession or consumption of any alcoholic beverage on the waters of any navigable river in Stokes County or within 50 feet of the banks of any navigable river in Stokes County unless the possession or consumption is in a venue licensed and approved by the State. The ordinance shall not apply to either of the following: (i) the actions of a landowner, the landowner's lessee, or the landowner's or lessee's guests on the landowner's property if that property is adjacent to a navigable river or (ii) the waters in Stokes County that have been impounded to form Belews Lake, which is owned by Duke Energy Corporation. The provisions of any ordinance adopted pursuant to this section shall be enforceable by law enforcement officers of the Wildlife Resources Commission, sheriffs and deputy sheriffs, and peace officers with general subject matter jurisdiction. Violation of an ordinance adopted pursuant to this section is a Class 3 misdemeanor punishable by a fine of not less than fifty dollars ($50.00) plus court costs.

SECTION 3. Section 1 of this act is effective when it becomes law. Section 2 of this act becomes effective August 1, 2016, and applies to offenses committed on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-36

S.B. 795

AN ACT EXEMPTING CLAY COUNTY FROM CERTAIN STATE CONTRACT LAWS IN THE RENOVATION AND RESTORATION OF THE COUNTY'S OLD COURTHOUSE BUILDING.

The General Assembly of North Carolina enacts:

SECTION 1. Clay County may, upon terms and conditions that it deems appropriate, and without being subject to the requirements of G.S. 143-128, 143-129, 143-131, and 143-132, enter into contracts and/or leases that contain provisions requiring lessees to renovate and/or restore the County's old courthouse building located on the square in the Town of Hayesville so that the building can be leased and/or used as a multipurpose facility.
SECTION 2. This act is effective when it becomes law and expires on June 30, 2018.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-37  S.B. 831

AN ACT TO ALLOW THE DUPLIN AND SAMPSON COUNTY SHERIFF’S OFFICES TO CONTRACT FOR THE PURCHASE OF FOOD AND FOOD SERVICES SUPPLIES FOR THEIR COUNTY’S DETENTION FACILITY WITHOUT BEING SUBJECT TO THE REQUIREMENTS OF CERTAIN STATE PURCHASE AND CONTRACT LAWS AND AUTHORIZING DUPLIN, ROWAN, AND SAMPSON COUNTIES AND THE MUNICIPALITIES IN THOSE COUNTIES TO TRANSFER RETIRED SERVICE ANIMALS OWNED BY THE LOCAL GOVERNMENT.

The General Assembly of North Carolina enacts:

SECTION 1. Section 2 of S.L. 2015-158 reads as rewritten:

"SECTION 2. This act applies only to the following counties: Jones, Cherokee, Duplin, Haywood, Henderson, Iredell, Jones, Lincoln, Madison, Orange, Sampson, Transylvania, and Yancey."

SECTION 2. Article 12 of Chapter 160A of the General Statutes is amended by adding a new section to read:

§ 160A-279.5. Disposition of animals.
(a) Upon the governing body determining any horse, dog, or other animal owned by the local government is no longer fit or needed for public service, the governing body may transfer ownership of the animal at a price determined by the governing body and upon any other terms and conditions as the governing body deems appropriate to any of the following individuals, if that individual agrees to accept ownership, care, and custody of the animal:
(1) The officer or employee who had normal custody and control of the animal during the animal’s public service to the local government.
(2) A surviving spouse, or in the event such officer or employee dies unsurvived by a spouse, surviving children of the officer or employee killed in the line of duty who had normal custody and control of the animal during the animal’s public service to the local government.
(3) An organization or program dedicated to the assistance or support of animals retired from public service.
(b) This section applies only to the counties of Duplin, Rowan, and Sampson and all of the municipalities that lie in whole, or in part, in those counties."

SECTION 2.5. If House Bill 550, 2016 Regular Session, becomes law, Section 2 of this act is repealed.

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-38  S.B. 849

AN ACT TO ALLOW THE TOWNS OF APEX, CARY, GARNER, KNIGHTDALE, MORRISVILLE, ROLESVILLE, WAKE FOREST, AND ZEBULON AND THE COUNTY OF YANCEY, AND ALL OF THE MUNICIPALITIES IN THAT COUNTY, TO TRANSFER RETIRED SERVICE ANIMALS OWNED BY THAT TOWN TO THE OFFICER OR EMPLOYEE WHO HAD NORMAL CUSTODY AND CONTROL OF THE ANIMAL.
The General Assembly of North Carolina enacts:

**SECTION 1.** Article 12 of Chapter 160A of the General Statutes is amended by adding a new section to read:

"§ 160A-279.5. Disposition of animals.

(a) Upon the governing body determining any horse, dog, or other animal owned by the local government is no longer fit or needed for public service, the governing body may transfer ownership of the animal at a price determined by the governing body and upon any other terms and conditions as the governing body deems appropriate to any of the following individuals, if that individual agrees to accept ownership, care, and custody of the animal:

1. The officer or employee who had normal custody and control of the animal during the animal's public service to the local government.
2. A surviving spouse, or in the event such officer or employee dies unsurvived by a spouse, surviving children of the officer or employee killed in the line of duty who had normal custody and control of the animal during the animal's public service to the local government.
3. An organization or program dedicated to the assistance or support of animals retired from public service.

(b) This section applies only to the Towns of Apex, Cary, Garner, Knightdale, Morrisville, Rolesville, Wake Forest, and Zebulon and the County of Yancey, and all of the municipalities that lie in whole, or in part, in that county.

**SECTION 1.5.** If House Bill 550, 2016 Regular Session, becomes law, this act is repealed.

**SECTION 2.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-39 S.B. 880

AN ACT TO ABOLISH THE OFFICE OF CORONER IN CASWELL COUNTY.

The General Assembly of North Carolina enacts:

**SECTION 1.** The office of coroner in Caswell County is abolished.

**SECTION 2.** Chapter 152 of the General Statutes is not applicable to Caswell County.

**SECTION 3.** This act is effective on the earlier of a vacancy in the office of coroner in Caswell County or the expiration of the current term of office in 2016.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-40 S.B. 883

AN ACT TO ALLOW WILDLIFE RESOURCES COMMISSION SHOOTING RANGES IN NORTHAMPTON COUNTY.

The General Assembly of North Carolina enacts:

**SECTION 1.** Section 1 of Chapter 78 of the 1973 Session Laws, as amended by Chapter 548 of the 1979 Session Laws, reads as rewritten:

"Section 1. It shall be unlawful for any person to discharge (shoot) any rifle of a calibre larger than .22 for any purpose whatsoever, including but not limited to hunting or target practice, within Northampton County, without first securing the express written permission of the owner or lessee of the land on which such discharge is to occur. Furthermore, it shall be unlawful to discharge (shooting) such rifle is positioned at least eight feet from the ground. This section shall not
apply to shooting ranges managed by the North Carolina Wildlife Resources Commission or to individuals properly permitted on lands owned or managed by the North Carolina Wildlife Resources Commission."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-41

AN ACT TO REVISE AND CONSOLIDATE THE CHARTER OF THE CITY OF NEW BERN.

The General Assembly of North Carolina enacts:

SECTION 1. The Charter of the City of New Bern is revised and consolidated to read as follows:

"THE CHARTER OF THE CITY OF NEW BERN.
"ARTICLE I. ORGANIZATION AND POWERS

"Section 1.1. Incorporation and corporate powers. The City shall continue to be a body politic and corporate by the name of "City of New Bern." Under that name, the City shall continue to have and may exercise all of the powers, duties, rights, privileges, and immunities which are now or hereafter may be conferred, either expressly or by implication, upon the City of New Bern specifically or upon municipal corporations generally by this Charter, by the State constitution, or by general law.

"Section 1.2. Existing corporate boundaries. The corporate boundaries of the City shall be those existing at the time of ratification of this Charter and as the same may be altered from time to time in accordance with applicable laws.

"ARTICLE II. MAYOR AND BOARD OF ALDERMEN

"Section 2.1. Governing body. The Mayor and Board of Aldermen, elected and constituted as set forth in this Charter, shall be the governing body of the City of New Bern. On behalf of the City, and in conformity with applicable laws, the mayor and board of aldermen may provide for the exercise of all municipal powers, and shall be charged with the general government of the City, except that the City Manager shall have the authority specified in Section 4.2 of this Charter.

"Section 2.2. Mayor; term of office; duties; right to vote. The Mayor shall be elected, by and from the qualified voters of the City, for a term of four years in the manner provided for in Article III of this Charter. The Mayor shall be the official head of City government for all ceremonial purposes, shall preside at all meetings of the Board of Aldermen, and shall have the powers and duties of Mayor, as prescribed by this Charter and general or local law. The Mayor shall have the right to vote on all matters before the Board of Aldermen, and shall do so as if the Mayor were a member of the Board of Aldermen.

"Section 2.3. Board of Aldermen; terms of office. The Board of Aldermen shall be composed of six members, each of whom shall be elected for terms of four years in the manner provided for in Article III of this Charter. Members of the Board of Aldermen shall serve until their successors are elected and qualified.

"Section 2.4. Mayor Pro Tempore. At its first meeting in the month of December, the Board of Aldermen shall choose one of its members as Mayor Pro Tempore to serve for a term of one year. The Mayor Pro Tempore shall perform the duties of the Mayor during the Mayor's absence or disability, as prescribed by this Charter and general or local law.

"Section 2.5. Board of Aldermen rules of procedure. The Board of Aldermen shall determine its own rules of procedure for all meetings of the Board of Aldermen. The rules of procedure adopted shall not be inconsistent with the provisions of this Charter or general or local law.
"Section 2.6. Meetings of the Board of Aldermen. In accordance with the provisions of G.S. 160A-71, the Board of Aldermen shall establish a suitable time and place for its regular meetings. Special meetings, organizational meetings, and emergency meetings shall also be held in accordance with G.S. 160A-71.

"Section 2.7. Introduction and passage of ordinances and resolutions. Ordinances and resolutions shall be introduced in the Board of Aldermen only in written or printed form. All ordinances, except ordinances making appropriations and ordinances codifying or rearranging existing ordinances or enacting a code of ordinances, shall be confined to one subject, and the subject or subjects of all ordinances shall be clearly expressed in the title. Ordinances making appropriations shall be confined to the subject of appropriations. The yeas and nays shall be taken upon the passage of all ordinances and resolutions and entered upon the journal of the proceedings of the Board of Aldermen. Notwithstanding the provisions of G.S. 160A-75, an ordinance or any action having the effect of an ordinance may be finally adopted on the date on which it is introduced by the affirmative vote of a majority of the members of the Board of Aldermen. All ordinances and resolutions shall take effect upon adoption unless otherwise provided therein, and shall be entered unto an official code of ordinances or other record as prescribed by the Board of Aldermen. The enacting clause of all ordinances shall be: "Be it ordained by the Board of Aldermen of the City of New Bern." All ordinances heretofore adopted by the City of New Bern shall remain in full force and effect unless and until any shall be repealed.

"ARTICLE III. ELECTIONS

"Section 3.1. Method of election. Regular municipal elections shall be held in the City every four years in odd-numbered years, and shall be conducted in accordance with general laws of the State governing municipal elections. The Mayor and members of the Board of Aldermen shall be elected according to the nonpartisan election and runoff method, as provided in G.S. 163-293.

"Section 3.2. Election of the Mayor. A Mayor shall be elected for a term of four years by and from the qualified voters of the City voting at large.

"Section 3.3. Election of Aldermen. The qualified voters of each ward shall elect one alderman who shall be a resident of the ward for which he or she is elected.

"Section 3.4. City divided into election wards. The City shall continue to be divided into six election wards. Once established by the Board of Aldermen, the boundaries of the wards may be changed as provided by general or local law. The current ward boundaries, at all times, shall be shown on a map to be retained permanently in the Office of the City Clerk and to be designated, as the case may be, "Map of New Bern Ward Boundaries." Alterations in these boundaries shall be indicated by appropriate entries upon or additions to the map. The entries or additions shall be made by or under the direction of the City Manager. The Board of Aldermen may provide for the redrawing of the map. A redrawn map shall supersede for all purposes the earlier map or maps which it is designated to replace.

"Section 3.5. Assignment to wards of area annexed. In the event the limits of the City of New Bern shall hereafter be extended to include additional territory, the Board of Aldermen shall have the power, authority, and duty to assign the annexed territory to any ward, or to apportion the annexed territory among the wards, by ordinance duly adopted. Thereafter, the annexed territory shall be and become a part of the ward or wards to which the annexed territory shall be assigned as provided in this section.

"ARTICLE IV. ORGANIZATION AND ADMINISTRATION

"Section 4.1. Form of government. The City shall operate under the council-manager form of government in accordance with Part 2 of Article 7 of Chapter 160A of the General Statutes.

"Section 4.2. City Manager; appointment; duties. The Board of Aldermen shall appoint a City Manager. The City Manager shall be the administrative head of the City government, and shall have the powers and duties provided by general law and any additional powers and duties specifically delegated by the Board of Aldermen in accordance with general or local law. The
City Manager shall serve at the pleasure of the Board of Aldermen, and shall reside in the City during his or her tenure.

"Section 4.3. City Clerk; Deputy Clerk. The City Manager shall appoint a City Clerk to keep a journal of the proceedings of the Board of Aldermen, to maintain in a safe place all records and documents pertaining to the affairs of the City, and to perform other duties as may be required by general or local law or as may be directed by the City Manager. The City Manager may also appoint a Deputy City Clerk to exercise and perform any of the powers and duties of the City Clerk.

"Section 4.4. City Attorney. The Board of Aldermen shall appoint a City Attorney to serve at the pleasure of the Board. The City Attorney shall be licensed to practice law in North Carolina. The City Attorney shall be the chief legal advisor of and attorney for the City and all departments and officers of the City in matters relating to their official powers and duties. It shall be the City Attorney's duty, either personally or by any assistants as may be designated, to perform all services incident to the department of law, and perform other duties required by law or as the Board of Aldermen may direct.

"Section 4.5. Finance Director. The Board of Aldermen shall appoint a City Finance Director to serve at the pleasure of the Board. The Finance Director shall plan, organize, and direct the overall financial management functions of the City, to include general accounting, tax administration, payroll, accounts receivable and payable, utility billing, and perform any other duties as may be required by law or directed by the Board.

"ARTICLE V. POLICE CIVIL SERVICE BOARD

"Section 5.1. Civil Service Board continued; members; terms of office. There is hereby continued a Police Civil Service Board for the City of New Bern, which shall consist of five members. Members shall serve staggered two-year terms. Terms shall begin on the first day of July and shall expire on the last day of June.

"Section 5.2. Appointment of members; vacancies; reappointments. All members of the Board shall be appointed by the Board of Aldermen based upon relevant professional experience. Vacancies on the Board shall be filled by appointment in the same manner, and any member appointed to fill a vacancy shall serve the remainder of the unexpired term. No member of the Board after having served a full two-year term shall be eligible for reappointment to the next succeeding term, but that person may be reappointed after being off the Board for a period of at least two years.

"Section 5.3. Qualifications; removal from office; quorum. Any person who is a qualified voter in the municipal election in the City shall be eligible for membership on the Board, except the following: (i) a member of the Board of Aldermen; (ii) an elective officer; (iii) a member or employee of the police department; (iv) a person who has served as a volunteer in the police department within the previous 36 months; or (v) an employee of the City. Each member of the Board shall take an oath or affirmation for the faithful discharge of the duties of the office. Members of the Board shall be subject to removal from office by a two-thirds vote of the Board of Aldermen, with or without cause. A majority of the Board shall constitute a quorum.

"Section 5.4. Election of chair; clerk duties. The Board shall elect from its membership a chair who shall preside at all meetings of the Board. The City Clerk shall act as secretary to the Board and shall be custodian of all papers and records pertaining to the business of the Board. The City Clerk shall keep the minutes of the Board's meetings and shall perform such other duties as the Board may require.

"Section 5.5. Authority of police chief. (a) Promotions and demotions of officers of the police department shall be within the discretion of the chief of police.

(b) Each new officer of the police department shall serve in a probationary status for a period of 12 months, during which period the officer may be dismissed by the chief of police, with or without cause. The officer so dismissed shall have no opportunity for a hearing before the Board, or otherwise, on the subject of the officer's dismissal.
(c) The chief of police may suspend any member of the police department for violating the rules and regulations of the police department for a period of time not to exceed 30 days at any one time. The suspension shall be without pay, and shall not be subject to review by the Board, but may be appealed to the City Manager consistent with the provisions of the City's personnel ordinance. However, if the officer is subjected to another suspension within 90 days of the first suspension, the officer shall have the right to appeal the additional suspension to the Board, and any hearing conducted by the Board pursuant to the appeal shall be covered by the rules provided in subsection (d) of this section.

(d) If the chief of police determines that an officer of the police department should be discharged or subjected to disciplinary action not within the power of the chief of police under the provisions of subsections (a), (b), or (c) of this section, the chief of police shall reduce the charges against the officer to writing, including the chief of police's recommendation relative to discharge, fine, or suspension without pay, shall file a copy of the writing with the Clerk to the Board, and shall deliver a copy to the officer personally or by certified mail, return receipt requested. Upon delivery of the written charges and recommendations to the officer, if the chief's recommendation is that the officer be discharged or suspended, the chief of police shall immediately suspend the officer from duty. If the charged police officer does not file a request for hearing by the Board with the Clerk within five days after delivery of the charges and recommendations to the officer, the chief's recommendation shall become effective as of the date of the discharge or suspension. If the charged officer requests a hearing within the time provided for in this subsection, the hearing by the Board shall be conducted as soon as is reasonably possible, but in no event shall the hearing be conducted later than 30 days after the written charges have been filed with the Clerk, unless the suspended officer files with the Clerk a written request for delay beyond the 30-day time period which states the reason for the proposed delay. In the event of a request for delay, the Board shall grant a reasonable postponement if, in its opinion, it is merited by the request, keeping in mind the welfare of the officer and the police department. If a charged officer who has requested a hearing under this subsection withdraws the request, the recommendation of the chief of police shall become effective immediately, and no hearing shall be conducted by the Board. The provisions of this subsection do not apply to the chief of police. The City Manager shall be responsible for the hiring, firing, discipline, and termination of the chief of police.

"Section 5.6. Board powers and duties. (a) The Board shall have the power to subpoena witnesses, administer oaths, and compel the production of evidence. The subpoenas may be directed to any law enforcement officer within the State of North Carolina for service. If a person fails or refuses to obey a subpoena issued pursuant to this section, the Board may apply to the General Court of Justice, Superior Court Division, for an order requiring that its subpoena be obeyed, and the court shall have jurisdiction to issue these orders after notice to all parties.

(b) The Board, in its discretion, may make rules and regulations, from time to time, with respect to the manner in which hearings authorized under this Article shall be conducted. The hearings shall be closed to spectators. Witnesses who are to appear before the Board may be sequestered. Testimony offered before the Board shall be recorded by mechanical process or by court reporter. The ordinary rules of evidence shall not apply, but the hearing shall be conducted with decorum. The decision of the Board shall be final.

(c) In the event the charged police officer is found guilty of violating the rules and regulations of the police department, the Board may discharge, fine, or suspend the officer without pay for a period not to exceed 90 days. In addition, the Board may attach any conditions to the officer's reinstatement to duty as it deems advisable, as long as those conditions are not otherwise prohibited by law. If the Board discharges the officer, the date of discharge shall be the effective date of the suspension from duty imposed by the chief of police.

"Section 5.7. Employment of officers of police department; equal opportunity. Officers of the police department shall be hired consistent with the City's hiring policies. The Board shall maintain a program to insure that all employment decisions made by any person under this
Article shall be made without regard to race, religion, color, creed, national origin, sex, age, or disability.

"Section 5.8. Compensation. The members of the Board shall serve without compensation.

"Section 5.9. Decisions final. Decisions regarding disciplinary actions made by the chief of police, where no right to appeal exists, and all decisions of the Board under this Article shall be final and not subject to judicial review.

"Section 5.10. Position elimination. This Article shall not apply to position eliminations due to workforce reductions."

SECTION 2. The purpose of this act is to revise the Charter of the City of New Bern and to consolidate certain acts concerning the property, affairs, and government of the City. It is intended to continue without interruption those provisions of prior acts which are expressly consolidated into this act so that all rights and liabilities which have accrued are preserved and may be enforced.

SECTION 3. This act does not repeal or affect any acts concerning the property, affairs, or government of public schools or any acts validating official actions, proceedings, contracts, or obligations of any kind.

SECTION 4. The following acts, having served the purposes for which they were enacted or having been consolidated into this act, are expressly repealed:

Chapter 1281 of the 1957 Session Laws
Chapter 934 of the 1959 Session Laws
Chapter 1111 of the 1961 Session Laws
Chapter 1162 of the 1963 Session Laws
Chapter 693 of the 1965 Session Laws
Chapter 213 of the 1969 Session Laws
Chapter 324 of the 1969 Session Laws
Chapter 785 of the 1971 Session Laws
Chapter 1104 of the 1973 Session Laws
Chapter 170 of the 1981 Session Laws
Chapter 1168 of the 1981 Session Laws
Chapter 174 of the 1983 Session Laws
Chapter 266 of the 1983 Session Laws
Chapter 364 of the 1983 Session Laws, Section 2 only
Chapter 64 of the 1985 Session Laws
Chapter 177 of the 1993 Session Laws
Chapter 605 of the 1993 Session Laws, Section 1 only
Chapter 629 of the 1993 Session Laws
Chapter 630 of the 1993 Session Laws
Chapter 118 of the 1995 Session Laws
Chapter 231 of the 1995 Session Laws

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SECTION 5. Notwithstanding any other provision of this act, the following acts (including any amendments thereto) are not repealed and the provisions of these acts remain effective as to the City of New Bern as if this act had not been enacted:

Chapter 115 of the 1983 Session Laws
Chapter 364 of the 1983 Session Laws, except Section 2
Chapter 876 of the 1985 Session Laws
Chapter 838 of the 1985 Session Laws
Chapter 291 of the 1987 Session Laws
Chapter 382 of the 1989 Session Laws
Chapter 93 of the 1993 Session Laws
Chapter 277 of the 1993 Session Laws, as amended by Chapter 553 of the 1993 Session Laws
SECTION 6. This act does not repeal by implication any local acts otherwise applicable to the City of New Bern.

SECTION 7. The Mayor and Board of Aldermen serving on the date of ratification of this act shall serve until the expiration of their terms or until their successors are elected and qualified. Thereafter, those offices shall be filled as provided in Articles II and III of the Charter of the City of New Bern, as enacted in Section 1 of this act.

SECTION 8. The members of the Police Civil Service Board for the City of New Bern serving on the date of ratification of this act shall continue to serve until their terms expire in order for the terms to be staggered, with two terms expiring in even-numbered years and three terms expiring in odd-numbered years.

SECTION 9. This act does not affect any rights or interests that arose under any provisions repealed by this act.

SECTION 10. All existing ordinances, resolutions, and other provisions of the City of New Bern not inconsistent with the provisions of this act shall continue in effect until repealed or amended.

SECTION 11. No action or proceeding pending on the effective date of this act by or against the City or any of its departments or agencies shall be abated or otherwise affected by this act.

SECTION 12. Whenever a reference is made in this act to a particular provision of the General Statutes, and the provision is later amended, superseded, or recodified, the reference shall be deemed amended to refer to the amended General Statute or to the General Statute that most clearly corresponds to the statutory provision which is superseded or recodified.

SECTION 13. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-42

AN ACT TO ADD AND REMOVE CERTAIN DESCRIBED PROPERTY FROM THE CORPORATE LIMITS OF THE TOWN OF NORWOOD.

The General Assembly of North Carolina enacts:

SECTION 1. The following described property is added to the corporate limits of the Town of Norwood:

BEGINNING at a corner on the municipal boundary for the Town of Norwood as on the shown on a map of the Lake Shore Drive Area recorded on Plat Book 1009, Page 40 of the Stanly County Register of Deeds Office, said map depicting an area described in Session Law 2004-43 of the North Carolina General Assembly as ratified on June 30th, 2004, said point being located Northeast 1300 feet from the intersection of Nicks Road and Lakeshore Drive in East Center Township of Stanly County, North Carolina, and more particularly the southernmost corner of a parcel described in Deed Book 592 at Page 108 of the Stanly County Registry; thence from said point of beginning and following the eastern and northern boundaries for said parcel and said municipal boundary the following calls: North 29° 55' 38" East 37.52 feet, North 01° 24' 51" West 56.52 feet, and North 36° 20' 15" West 61.00 feet to the northernmost corner for said parcel, a corner on the municipal boundary, said corner also being a corner shown on map of Potential Municipal and Zoning Boundary for the Town of Norwood as shown on Deed Book 1561 at Page 318 of the Stanly County Registry; thence following said recorded boundary North 00° 00' 00" East 381.38 feet, North 90° 00' 00" East
371.45 feet, South 00° 00' 00" East 729.06 feet, and North 58° 51' 57" West 409.02 feet to the POINT OF BEGINNING. The area described in this Section encompasses 5.17 acres.

**SECTION 2.(a)** The following described property is removed from the corporate limits of the Town of Norwood:

**TRACT 1**

BEGINNING at a corner on the municipal boundary for the Town of Norwood as on the shown on a map of the Lake Shore Drive Area recorded on Plat Book 1009, Page 40 of the Stanly County Register of Deeds Office, said map depicting an area described in Session Law 2004-43 of the North Carolina General Assembly as ratified on June 30th, 2004, said point being located Northerly 885 feet from the intersection of Allenton Street and South Strand Drive in East Center Township of Stanly County, North Carolina, and more particularly the northermost corner of a tract described in deed Stanly County Deed Book 977, Page 696 as Lot 5, Section "A" of "Norwood Beach Lots" which is recorded in Plat Book 2, Page 150 of the Stanly County Registry; thence leaving said municipal boundary and following the boundaries of Lake Tillery shown on said plat the following calls: South 82° West 50 feet, South 58° 30' West 50 feet, South 43° West 50 feet, South 56° West 50 feet, South 38° West 50 feet, South 18° West 50 feet, and South 2° 30' West 50 feet to an iron stake on the east bank of Lake Tillery as described in the first tract recorded in Stanly County Deed Book 310, Page 161; thence with the East bank of said Lake in a southerly direction (South 70° 30' West 90 feet) to a corner on the north side of Strand Drive; thence following the north side of Strand Drive (South 70° 20' West 83 feet) to the northeastern corner of a tract described in Stanly County Deed Book 332, Page 486, said corner being on the west edge of Lake Drive and the edge of Lake Tillery; thence following the edge of Lake Tillery as described in said deed the following calls: South 50° 57' West 39.45 feet, South 85° 48' West 37.70 feet, and North 57° 47' West 86.23 feet to the northeast corner of Lot 19 of "Ballard's Beach" development, said development being recorded on Plat Book 1 at Page 174 of the Stanly County Registry; thence following the boundaries of Lake Tillery as shown on said plat the following calls: North 53° West 78 feet, South 63° West 50 feet, South 25° West 50 feet, South 13° West 300 feet, South 5° West (63) feet to the northwestern corner of Lot 14 of the "Robin J Development" as recorded in Plat Book 6 at Page 15 of the Stanly County Registry, said corner shown on the shore of Lake Tillery; thence following the boundary of Lake Tillery as shown on said plat the following calls: South 8° 20' West 92.82 feet, South 13° 5' East 93.03 feet, South 10° 45' East 78.21 feet, South 13° 30' West 61.82 feet, South 34° 28' West 75.61 feet, South 89° 08' West 91.56 feet, North 14° 22' West 78.60 feet, North 32° 02' West 74.80 feet, and North 16° 13' West 77.50 feet to the southwest corner of Lot 11 of the "T. R. Wolfe Estate Subdivision" recorded on Plat Book 2 at Page 217 of the Stanly County Registry, said corner being on the 246 contour for Lake Tillery; thence following the 246 contour as shown on said plat the following calls: North 7° 20' East 53.7 feet, North 32° 40' West 65.2 feet, North (41°) West 51.7 feet, and North 61° 20' West 136.7 feet to the eastern margin of Alberta Drive as shown on said plat; thence following the eastern margin of Alberta Drive North 16° 10' West 122 feet to the southeastern corner of Lot 6, said corner being on the 246 contour as shown on said plat; thence continuing with the 246 contour as shown the following calls: North 81° 26' East 150.6 feet, North 33° 45' East 62 feet, North 9° 25' East 74.8 feet, North 19° 25' West 123.5 feet, North 55° 50' West 196.6 feet, North 51° 45' East 68.5 feet, North 21° East 83.5 feet, North 53° 45' West 148 feet, North 70° 39' West 105.8 feet, North 44° 50' West 78 feet, North 76° 45' East 153 feet, North 29° 30' East 92 feet, North 27° 45' West 89.5 feet, and North 52° 45' West (35) feet to the southeastern corner of Lot 187 of the "Tillery Beach Subdivision" as shown on Plat Book 2 at Page 183 C, said corner being shown on the boundary of Lake Tillery; thence following the boundary of Lake Tillery as shown on said plat the following calls: North 46° 10' West 140 feet, North 67° 54' East 151 feet, North 26° 34' East 317 feet, North 30° 45' West 293 feet, North 49° 20' West 220 feet, North 59° 40' West 201 feet, and South 83° 45' West 180 feet to the northwestern corner of Lot 158 on said plat, said corner being on the eastern boundary of Lot E of "Tillery Point" subdivision recorded in Plat Book 18 at Page 260 of the Stanly county
registry, said corner shown on the boundary of the Carolina Power and Light Tillery Plant Lands – DF 489 & 451; thence following the boundary of said Lands as shown on said plat the following calls: North 31° 48'31" West 76.75 feet, South 69° 57" 10'East 36.02 feet, South 40° 57' 51" West 88.74 feet, South 25° 52' 50" West 210.23 feet, and South 20° 29' 38" East 19.66 feet to a point on the Northern boundary of Lot 125 of "Tillery Beach Subdivision" as shown on Plat Book 2 at Page 183 B, said point being on the boundary for Lake Tillery as shown on said plat; thence following the boundary for Lake Tillery as shown the following calls: South 46° 55' West 619 feet, South 22° 20' West 193 feet to the southwestern corner of Tract Five on the northern margin of La Monte Avenue (S.R. 1756 Lake Head Road) as described in Stanly County Deed Book 1026 at Page 417; thence continuing with the northern margin of Lake Head Road (S. R. 1756) the following calls: South 83° 20' 35" West 82.15 feet, North 64° 06' 39" West 43.55 feet, and North 33° 59' 45" West 372.95 feet to the southernmost corner of a tract described in Stanly County Deed Book 596 at Page 25, said corner being on the eastern right of way line of S. R. 1757 and the southern corner of Lot 13 on the boundary of Lake Tillery as shown on "Tillery Beach Subdivision" recorded on Plat Book 2 at Page 183 B; thence following Lake Tillery's boundary as shown on said plat North 54° 44' East 415 feet and North 37° 10' East 250 feet to the southeastern corner of "Property One" described in Stanly County Deed Book 943 at Page 39, said corner being the southeastern corner of Lot 901 of the "Sixth Addition to Tillery Beach Subdivision" recorded in Plat Book 1 at Page 221, said corner shown on the western boundary of Lake Tillery; thence following the western boundary for Lake Tillery as shown on said plat the following calls: North 2° 46' West 206 feet, North 68° East 220 feet, North (7') East 100 feet, South 68° West 250 feet, North 8° 46' West 85 feet, North 28° East 305 feet, North 23° West 385 feet, and North 36° 38' West 200 feet to the southeastern corner of a tract described in Stanly County Deed Book 1258 at Page 827, said corner on the property line of Carolina Power and Light Company; thence continuing with said property line North 36° 38' West (140 feet) to the southern right of way for State Road 1755 (Berry Hill Drive); thence with the southern right of way for Berry Hill Drive (North 57° 54' 22" East 200.51 feet) to the intersection of said right of way and the western boundary Lot 928 of the "Sixth Addition to Tillery Beach Subdivision" recorded in Plat Book 1 at Page 221, said corner shown on the western boundary of Lake Tillery; thence continuing with the Lake Tillery boundary as shown on said plat the following calls: South 18° 30' East 100 feet, South 30° East 92 feet, North 77° 07' East 100 feet, North 2° East 95 feet, and North 10° 5' East 100 feet to the intersection of the eastern boundary of Lot 931 on said plat and the southern right of way for Berry Hill Drive; thence continuing with the southern right of way for Berry Hill Drive on a curve to the right having a radius of 124.78 feet, an arc of 135.51 feet, and a chord of South 83° 28' 22" East 131.03 feet to the intersection of said right of way and the western boundary Lot 349 of the "Second Addition to Tillery Beach Subdivision" recorded on Plat Book 1 at Page 214 of the Stanly County Registry, said intersection shown on the Lake Tillery boundary; thence continuing with the Lake Tillery boundary as shown on said plat the following calls: South 1° 36 East 173 feet, South 32° 01' East 328 feet, South 54° 10' East 246.5 feet, South 24° 52' East 342 feet, and South 49° 39' East 89 feet to the westernmost corner for Lot 300 of the "Tillery Beach – First Addition" as recorded on Plat Book 2 at Page 188 of the Stanly County Registry, said corner shown on the boundary for Lake Tillery; thence continuing with the boundary for Lake Tillery as shown on said plat the following calls: South 80° 01' East 124 feet, South 73° 35' East 267 feet, North 86° 50' East 152 feet, and North 62° 55' East 75 feet to the southwestern corner of Lot 311 in said subdivision, said corner also being a corner shown on map of Potential Municipal and Zoning Boundary for the Town of Norwood as shown on Deed Book 1561 at Page 318 of the Stanly County Registry; thence following said boundary the following calls: South 18° 59' 55" East 351.64 feet, North 69° 29' 34" East 348.16 feet, North 0° 00' 00" East 539.90 feet, and North 90° 00' 00" West 351.64 feet to the northeastern corner of Lot 514 of the "Second Addition to Tillery Beach Subdivision" recorded on Plat Book 1 at Page 214 of the Stanly County Registry, said corner on the boundary for Lake Tillery; thence continuing with the boundary for Lake Tillery as shown on said plat the following calls:
North 4° 00' East 469 feet, North 29° 00' West 553 feet, North 27° 57' West 548 feet, and North 15° 58' West 200 feet to a point on the southern margin of Berry Hill Drive, said point being the westernmost corner of Lot 800 of the "Tillery Beach – Third Addition" as recorded on Plat Book 1 at Pate 217, said corner also shown on the boundary of Lake Tillery; thence following the boundary for Lake Tillery as shown on said plat the following calls: South 46° 55' East 458 feet, thence South 66° 25' East 349 feet, and South 53° 11' East 578 feet to the northwestern corner of a tract described in Stanly County Deed Book 294 at Page 867, said corner being on the property line right of way of the Carolina Power and Light Company, thence following the property line right of way as described in said deed the following calls: South 18° 21' East 135 feet and North 78° 20' East 50 feet to the southeast corner for said tract, said corner also being a corner on the municipal boundary for the Town of Norwood as on the shown on a map of the Lake Shore Drive Area recorded on Plat Book 1009, Page 40 of the Stanly County Register of Deeds Office, said map depicting an area described in Session Law 2004-43 of the North Carolina General Assembly as ratified on June 30th, 2004; thence following the municipal boundary as shown on said plat South 1° 49' 26" East 2,695.69 feet to the POINT OF BEGINNING.

The Area described above encompasses 101.02 acres± which shall be removed from the municipal limits of the Town of Norwood.

TRACT 2

BEGINNING at a corner on the municipal boundary for the Town of Norwood as on the shown on a map of the Lake Shore Drive Area recorded on Plat Book 1009, Page 40 of the Stanly County Register of Deeds Office, said map depicting an area described in Session Law 2004-43 of the North Carolina General Assembly as ratified on June 30th, 2004, said point being located Northeast 520 feet from the intersection of Nicks Road and Lakeshore Drive in East Center Township of Stanly County, North Carolina, and more particularly North 18° 06' 15" East 25.85 feet from the northeastern corner of "parcel ID 36083" as shown on Plat Book 23 at Page 268 of the Stanly County Registry; thence following the eastern boundary for said lot the following calls: South 18° 06' 15" West 34.75 feet, South 03° 50' 22" East 26.96 feet, South 83° 32' 11" West 11.03 feet, and South 18° 08' 31" West 155 feet to the northern right of way for Lake Shore Drive as shown on said plat; thence following the northern right of way for Lake Shore Drive as shown on said plat and Plat Book 2 at Page 184 of the Stanly County Registry the following calls: North 80° East 278.69 feet, North 68° East 111.86 feet, North 55° East 362.91 feet, and North 45° East 440.84 feet to the intersection on the northern right of way for Lake Shore Drive and the southern boundary of an unnumbered parcel shown on the Stanly County Tax Records, said corner being located South 52° 30' West 36.90 feet from the southwestern corner of Lot 26 as shown on Plat Book 2 at Page 184 of the Stanly County Registry; thence following the southern boundary for said unnumbered parcel South 83° 51' 02" West 28.74 feet to a corner on the municipal boundary for the Town of Norwood; thence following said municipal boundary South 62° 52' 43" West 985.85 feet to the POINT OF BEGINNING. The area described in this Section encompasses 3.70 acres±.

SECTION 2.(b) This section has no effect upon the validity of any liens of the Town of Norwood for ad valorem taxes or special assessments outstanding before the effective date of this section. Such liens may be collected or foreclosed upon after the effective date of this section as though the property were still within the corporate limits of the Town of Norwood.

SECTION 3. This act becomes effective June 30, 2016. Property in the territory described by Section 1 of this act as of January 1, 2016, is subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016. Property in the territory described by Section 2(a) of this act as of January 1, 2016, is no longer subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016.

In the General Assembly read three times and ratified this the 28th day of June, 2016.
AN ACT TO ALLOW THE RECALL OF OFFICERS OF THE VILLAGE OF TOBACCOVILLE.

The General Assembly of North Carolina enacts:

SECTION 1. The Charter of the Village of Tobaccoville, being Chapter 232, Session Laws of 1991, is amended by adding a new section to read:

"Sec. 6.3. Recall.
(a) The Mayor and members of the Village Council are subject to removal pursuant to this section. An officer is removed upon the filing of a sufficient recall petition and the affirmative vote of a majority of those voting on the question of removal at a recall election.

A recall petition shall be filed with the Village Clerk, who shall immediately forward the petition to the board of elections that conducts elections for the Village of Tobaccoville. A petition to recall the Mayor or a member of the Village Council shall bear the signatures equal in number to at least 20 percent (20%) of the registered voters of the Village of Tobaccoville.

The board of elections shall verify the petition signatures. If a sufficient recall petition is submitted, the board of elections shall certify its sufficiency to the governing body, and the governing body shall adopt a resolution calling for a recall election to be held at the same time as the next primary, general, or special election scheduled to be held more than 60 days after the petition has been certified to the governing body. The board of elections shall conduct the recall election, which shall be held as provided in G.S. 163-287. Each petition submitted shall contain the name of only one officer to be recalled. Multiple qualified petitions may be filed simultaneously with the Village Clerk, in which case the name of the officer on each petition, once certified, shall be included in the recall election. The proposition submitted to the voters shall be substantially in the following form:

"[ ] FOR [ ] AGAINST
The recall of [name of officer]."

The registered voters of the Village of Tobaccoville are eligible to vote in an election to recall the Mayor or a member of the Village Council.

If less than a majority of the votes cast on the question are for the officer's recall, the officer continues in office. If a majority of the votes cast on the question are for the officer's recall, the officer is removed on the date the board of elections certifies the results of the election. A vacancy created by removal of a member of the Village Council or the Mayor shall be filled in accordance with the provisions of G.S. 160A-63. An officer who is removed may not be appointed or reappointed to any elective office of the village during the remainder of the unexpired term.

No petition to recall an officer may be filed during the first six months of the officer's term or during the six months before the expiration of the officer's term. No more than one election may be held to recall an officer within a single term of office of that officer.

(b) As used in this section 'Village Clerk' includes an officer of the village exercising the function of Village Clerk."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2016.

AN ACT TO CHANGE THE ELECTION METHOD OF THE TRANSYLVANIA COUNTY BOARD OF EDUCATION FROM NONPARTISAN TO PARTISAN.
The General Assembly of North Carolina enacts:

SECTION 1. Section 1 of Chapter 157, Session Laws of 1975, as amended by Section 1 of Chapter 102, Session Laws of 1993, and Section 1 of Chapter 76, Session Laws of 1995, reads as rewritten:

"Section 1. The Beginning in 2018, the Board of Education of Transylvania County shall consist of five members who shall be elected in a nonpartisan election, on a partisan basis at the time of the general election in each even-numbered year as terms expire. The primary and election shall be held and conducted in accordance with the general laws governing primaries and elections for county officers, except as otherwise provided herein. The election shall be held on the date of the county general election, with the results determined on a plurality basis in accordance with G.S. 163-292. Notices of candidacy shall be filed not earlier than 12:00 noon on the first Monday in June, and not later than 12:00 noon on the last Friday in June. This section does not affect the terms of office of any person elected in 2014 or 2016 to the Board of Education of Transylvania County.

As the terms of the present members expire, beginning with the primary and election to be held in 1976, 2018, and every two years thereafter, members of the Board of Education shall be elected for terms of four years."

SECTION 2. Section 3 of Chapter 157, Session Laws of 1975, as amended by Section 2 of Chapter 102, Session Laws of 1993, reads as rewritten:

"Sec. 3. Vacancies in the membership of the Board of Education occurring for any reason shall be filled immediately by the Transylvania County Board of Education. Beginning in 2018, to be eligible for appointment to fill a vacancy for seats elected on a partisan basis, a person must be a member of the same political party as the member being replaced and must have been affiliated with that political party for at least 90 days as of the date of appointment. The person appointed to fill the vacancy shall serve until the next election for members of the Board of Education at which time a person shall be elected to fill the unexpired term. However, if a vacancy occurs after the opening of the filing period for the general election in the middle of the four year term, the appointment shall be for the unexpired term or, if the term has expired, to a full term. However, if a vacancy occurs after the opening of the filing period under G.S. 163-106 for the primary of a general election held after the first two years of the term for the vacant seat, the Board of Education shall appoint a person who is a member of the same political party as the member being replaced in accordance with this section for the remainder of the unexpired term."

SECTION 3. The members of the Board of Education of Transylvania County elected in 2014 and 2016, or any member appointed to fill a vacancy until the next election for the members of the Board of Education for a member elected in 2014 or 2016, shall serve until a successor has been elected and qualified.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2016.

Session Law 2016-45

H.B. 1143

AN ACT TO TEMPORARILY SUSPEND THE CHARTER OF THE TOWN OF SPENCER MOUNTAIN.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The Charter of the Town of Spencer Mountain, being Chapter 473 of the 1963 Session Laws, as amended by Chapter 567 of the 1967 Session Laws, is suspended.

SECTION 1.(b) No audit shall be required for any fiscal year, or portion thereof, during the period of suspension.

SECTION 1.(c) The Gaston County Board of Elections shall not conduct any elections for mayor or commissioner of the Town during the period of suspension. The
individuals elected in 2015 to serve as elected officials for the Town of Spencer Mountain may continue to use their public titles and participate as elected officials in organizations dedicated to serving municipalities during the period of suspension.

SECTION 2.(a) All monies and assets held by the Town of Spencer Mountain shall be placed under the control of the State Treasurer to be held for the Town of Spencer Mountain. Article 3 of Chapter 159 of the General Statutes, The Local Government Budget and Fiscal Control Act, shall not apply. Any monies due to the Town from the State shall be delivered to the Gaston County Board of Commissioners for use by the County, and all other monies due and payable to the Town shall be collected by the State Treasurer to be held for the Town.

SECTION 2.(b) The State Treasurer shall determine how the monies and assets placed under the control of the State Treasurer shall be held and may require an annual report or accounting on those monies and assets.

SECTION 3. This act becomes effective July 1, 2016, and expires June 30, 2019.

In the General Assembly read three times and ratified this the 28th day of June, 2016.

Session Law 2016-46

AN ACT TO ABOLISH THE OFFICE OF CORONER IN BRUNSWICK COUNTY.

The General Assembly of North Carolina enacts:

SECTION 1. The office of coroner in Brunswick County is abolished.

SECTION 2. Chapter 152 of the General Statutes is not applicable to Brunswick County.

SECTION 3. This act becomes effective on the earlier of a vacancy in the office of coroner in Brunswick County or the expiration of the current term of office in 2016.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-47

AN ACT AMENDING THE CHARTER OF THE CITY OF FAYETTEVILLE TO MAKE CHANGES RELATED TO THE MEMBERSHIP AND OPERATION OF THE PUBLIC WORKS COMMISSION.

The General Assembly of North Carolina enacts:


SECTION 2. The Charter of the City of Fayetteville, being Chapter 557 of the 1979 Session Laws, as amended, is amended by adding a new Chapter to read as follows:

"Chapter VIA. Public Works Commission.

§ 6A.1. Commission continued; election and term of members; vacancy. (a) A Commission of the City of Fayetteville to be known as the "Fayetteville Public Works Commission" (hereinafter "Commission"), as heretofore created, established, and now existing, is hereby continued and the number of members shall be four. The terms of office of each member shall be four years, and the terms shall expire four years from the date on which the appointment was originally made, provided that a member shall continue to serve until a successor is appointed. A new appointment shall be made in September of 2016, and it shall be for a term of four years. As each appointment expires, the City Council shall, at its regular meeting in September of each year, elect a member of the Commission for a term of four years.
to replace the expiring member. In addition, the Mayor shall annually designate a member of the City Council to serve on the Commission as an ex officio, nonvoting member.

(b) No member of the Commission may serve more than two consecutive terms. Except for the ex officio designee appointed by the Mayor, no person shall be eligible for appointment to the Commission who is an elected official of the City of Fayetteville or an employee of the City or the Commission. If a member resigns, dies, or otherwise becomes incapable of performing his or her duties, the City Council shall appoint a person to fill the remainder of the term. The four members appointed to the Commission by the City Council and the Mayor's ex officio designee shall constitute the entire Fayetteville Public Works Commission.

§ 6A.2. Qualifications of Commissioners. The members of the Commission shall be residents of the City of Fayetteville at the time of their initial appointment and must remain so throughout their tenure on the Commission and shall be persons of recognized ability and good business judgment and standing who, in the opinion of the City Council, can and will perform their official duties (i) in accordance with prudent management and sound financial principles, (ii) in the manner provided for in this Chapter, and (iii) to the best interest of the City. If it is determined that a member of the Commission is no longer a resident of the City, that seat shall immediately become vacant and a successor shall be appointed in accordance with Section 6A.1(b) of this Chapter.

§ 6A.3. Organization; chair, vice-chair, secretary, and treasurer. The members of the Commission shall meet as soon after their appointment as possible and shall elect out of their number a chair, vice-chair, secretary, and treasurer, each of whom shall be a different person. The duties of each shall be as prescribed by the Commission from time to time but shall not be inconsistent with the provisions of this Chapter. Each member of the Commission, including the chair, but not the ex officio City Council member, shall be entitled to vote on any question before the Commission.

§ 6A.4. Bonds of members of the Commission. Each voting member of the Commission shall give bond to the City in the following amounts: the sum of fifty thousand dollars ($50,000) in the case of the treasurer and twenty-five thousand dollars ($25,000) for all other members. All bonds required by this section shall be filed with the City Clerk. The provisions of Article 72 of Chapter 58 of the General Statutes shall apply to bonds given under this section.

§ 6A.5. Compensation. The members of the Commission shall receive a salary as set by the City Council on an annual basis. Beginning July 1, 2016, using 2015 as a base, the salary set by the City Council shall be adjusted annually by the rate of change in the Consumer Price Index as reported by the Bureau of Labor Statistics of the United States Department of Labor.

§ 6A.6. Neglect of duty by member. A member of the Commission may be removed from office by a two-thirds vote of the City Council if the member:

1. Willfully neglects or fails to perform any duty required by the provisions of this Chapter, any rule or regulation adopted by the Commission, or any existing or future Bond Order or other financing instrument providing for debt of the City payable from revenues of the utility system managed by the Commission (hereinafter "Financing Documents").

2. Fails to comply with an attendance policy adopted by the City Council that is applicable to all other City boards and commissions.

3. Is convicted of a felony.

4. Is convicted of a misdemeanor involving moral turpitude, misrepresentation, or fraud.

§ 6A.7. Powers and duties of Commission. The powers and duties of the Commission are as provided in this Chapter, including all of the following:

1. In general. – Insofar as management, control, and operation of the electric utility plant, waterworks, sewerage, and any other utility the Commission is authorized to undertake under this Chapter, the Commission is a public authority within the meaning of G.S. 159-7(b)(10) or as defined by State
statute except as expressly provided in this Chapter and in any Financing
Documents.

(2) Policy matters. – The Commission shall have full charge and control over
policy matters related to and the general supervision and management of all
utilities under its management and control. The Commission may, from time
to time, establish, alter, or amend its bylaws, rules, and regulations in a
manner not inconsistent with the provisions of this Chapter, any Financing
Documents, or the laws of the State of North Carolina for the purpose of
managing and operating the utilities under its management and control.

(3) Rates. – The Commission is hereby fully authorized and empowered to fix
all rates and rents for electricity, water, sewage, and all other utilities and
public property under its management and control, subject to the limitations
fixed in any franchise heretofore granted or which may hereafter be granted
for the same. All rates and rents shall be established upon the terms and
conditions the Commission deems in the best interest of the City and the
customers of the Commission, shall be in compliance with any Financing
Documents, and shall be expected to be sufficient to fund cash reserves
required by Section 6A.15 of this Chapter and allow for remittances to the
City required by Section 6A.16 of this Chapter. The Commission shall
collect all rates, rents, and profits accruing from the utilities under its
management and control and shall make all disbursements on account of the
same.

(4) Supervision of utility plants. – The Commission shall have charge of and
control over and shall supervise the construction, repairing, alteration, or
enlargement of the electric plant, waterworks plant, sewerage plant, any
other utility plant the Commission is authorized to operate, and all utility
facilities and projects, with power and authority to make all necessary
contracts relating to the same, including the purchase of all necessary sites,
machinery, supplies, and other property, and the employment of necessary
labor and other help in the construction, repairing, alteration, or enlargement.

(5) Management of utility property. – The Commission is hereby fully
authorized and empowered to (i) make all necessary contracts in the
management of the utilities and pertaining to such property under its
management and control and (ii) employ and discharge all necessary
superintendents, clerks, accountants, laborers, and other help in the
management; to prescribe the duties and fix the salaries of each; and to
require such bonds of each as the Commission may deem proper to the
successful management of the property. Such contracts may include
agreements for the bulk sale or purchase of power, water, or capacity.

(6) Power to sue and be sued. – The Commission is hereby fully authorized and
empowered to sue and be sued in its own name and to plead and be
impleaded.

(7) Limitation on expending funds and offering financial incentives. –
Notwithstanding any other provision in this Charter, the Commission shall
have no authority, absent prior approval given by the City Council, to make
or give grants, contributions, gifts, donations, or sponsorships or to expend
any funds or to offer any financial incentives for any purposes not directly
related to the powers and duties of the Commission under this section. This
includes, without limitation, any activities for economic development within
the scope of G.S. 158-7, et seq., or for any community, charitable, social,
educational, or civic purpose, except that the Commission may make
expenditures for the purposes of public education relating to and
encouraging conservation and efficient use of water, wastewater, and
electricity services. The City Council may grant authority for activities otherwise prohibited by this section by a general policy adopted in a resolution or by approval of individual activities.

§ 6A.8. Delegation of authority to officers or employees; appointment of general manager.

(a) The Commission may delegate authority to officers or employees of the Commission as it deems necessary or convenient for the operation of the utilities authorized in this Chapter. However, the Commission shall not delegate the authority to approve budgets or set rates.

(b) The Commission shall appoint and employ a general manager who shall be qualified by training and experience to supervise and manage the day-to-day operation of the utilities authorized in this Chapter. The general manager shall serve under the direction and control of the Commission and at the pleasure of the Commission, which shall fix the general manager's salary. The Commission may delegate to the general manager the following powers and duties:

(1) To determine the number of employees necessary for the operation of the utilities and to establish their duties and compensation.

(2) To control the construction and repairs of utility facilities.

(3) To prepare plans and specifications, accept bids, and execute contracts according to standards established by the Commission.

(4) To execute and enforce all rules, regulations, programs, plans, and decisions made or adopted by the Commission.

(5) To prepare and submit to the Commission periodic reports on the Commission's compliance with relevant local, State, and federal laws.

(6) To employ a chief financial officer who may be given the authority to handle the day-to-day financial operations of the Commission, including billings and receiving payment for services provided by the Commission. All moneys accruing from the charges for utility services or rental of utility facilities shall be deposited in the appropriate Commission enterprise fund, and the chief financial officer shall keep an account of the same.

(7) To designate an employee to serve as Clerk to the Commission. The Clerk shall, among other things, record the minutes, including all actions taken, at official meetings of the Commission and maintain the official records of the Commission.

§ 6A.9. Title to property; acquisition and disposal of property. Title to all vehicles and equipment purchased or otherwise acquired by the Commission and used or employed by the Commission in the discharge of its duties may be held in the name of the Commission. All other real or personal property related to, used, or necessary for the operation of the utility systems under the management and control of the Commission (including plants, transmission and distribution mains and lines, other real property, fixtures, appurtenances, inventory, accounts, and revenues) shall be and remain in the name of the City of Fayetteville. Nothing in this Chapter shall be construed as conferring upon the Commission any power or authority to convey title or ownership to sell, lease, or otherwise transfer or dispose of any property owned or held in the name of the City of Fayetteville, but under the management and control of the Commission, unless such transaction is approved by resolution of the City Council and is in compliance with the Financing Documents.

§ 6A.10. Sale of water service. The Commission is hereby authorized and empowered to extend its water system and to sell water in any geographical area permitted in G.S. 160A-312 or other State law. The City Council shall not directly or indirectly require any individual, group, or developer to request annexation of its property by the City in order to receive water service from a water system under the management and control of the Commission. The Commission may adopt schedules of rents, rates, fees, charges, and penalties that vary according to classes of service, and different schedules may be adopted for services provided outside the corporate limits of the City.
"§ 6A.11. Billing electric utility customers. The Commission shall provide electric power for street lighting on all City streets and thoroughfares that are served by the Commission's electric utility service and shall bill the appropriate electric utility customer for the same, except the City of Fayetteville. The Commission shall not be responsible for providing street lighting on City streets and thoroughfares that are not served by the Commission's electric utility service.

"§ 6A.12. Budget. The Commission is a public authority as defined in G.S. 159-7(b)(10) and therefore shall prepare a budget as provided in Article 3 of Subchapter III of Chapter 159 of the General Statutes and shall publish the budget in the manner provided for in G.S. 159-12. Approval of the budget by the City Council is not required.

"§ 6A.13. Records and accounts. The Commission shall keep full and accurate minutes of all official meetings held as provided in G.S. 143-318.10 and shall exercise fiscal control related to all matters, including establishing and maintaining an accounting system and designating an official depository as provided in Part 3 of Article 3 of Subchapter III of Chapter 159 of the General Statutes.

"§ 6A.14. Receipts and disbursements. All funds handled by the Commission shall be paid over to the treasurer thereof, and all disbursements by the Commission shall only be made by order upon the treasurer, signed by the secretary, and countersigned by the chair thereof. All orders shall state for what object the same is drawn, and a record shall be kept of all such orders.

"§ 6A.15. Cash reserves. Subject to the provisions in any Financing Documents, in each fiscal year, the Commission shall maintain in the Electric Fund, the Water/Wastewater Fund, and any other utility fund established pursuant to this Chapter, sufficient cash reserves to cover not less than 90 days' operating expenses, capital outlay, and debt service on outstanding revenue bonds or notes, as shown by the budget ordinance, but shall set a target for cash reserves to cover not less than 120 days or as otherwise required by any Financing Documents.

"§ 6A.16. Remittances to City. Beginning July 1, 2016, and each year thereafter, the Commission shall, each month, if funds are available without violating the provisions of any Financing Documents, remit to the City one-twelfth of an annual amount equal to two and forty-five one hundredths percent (2.45%) of the value of the Total Net Position of the Electric Fund as reported in the Comprehensive Annual Financial Report for the Public Works Commission for each immediately preceding fiscal year ending June 30. There shall be no additional cash contributions or transfers from the Commission to the City unless the following conditions are met: (i) the Mayor declares a state of emergency under the authority granted in G.S. 166A-19.22(a) and (ii) the Commission and City Council agree on the amount of the cash contribution or transfer. No transfer of funds from the Commission to the City shall exceed the amount authorized in G.S. 159-13(14).

"§ 6A.17. Audit of books; access to financial records. At the end of each fiscal year, the books, accounts, and records of the Commission shall be audited by a certified public accountant or an accountant certified by the Local Government Commission as provided in G.S. 159-34. The City Council shall select the auditor, and the auditor shall report directly to the City Council and the Commission. Upon giving reasonable notice, the City Council shall have full access to the books, accounts, and records of the Commission.

"§ 6A.18. Quarterly and annual reports. (a) The Commission shall, on a quarterly basis, provide to the City Council a report on its activities and the utilities under its management and control. The City Council shall collaborate with the Commission to determine the form and content of the quarterly report.

(b) The Commission shall, at the end of each fiscal year, publish in the manner provided for in G.S. 159-12 a complete report that includes all financial operations of the Commission during the year and any other items, facts, and information determined by the City Council to be in the public interest. The City Council shall collaborate with the Commission to determine the form and content of the annual report.

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"§ 6A.19. Revenue bonds. The City Council shall have the sole authority to issue revenue bonds pursuant to the provisions of Article 5 of Subchapter IV of Chapter 159 of the General Statutes for the purpose of providing funds for the construction, repairing, alteration, enlargement, extension, or acquisition of any utility, building, or other property under the Commission's management and control. However, if the revenue bonds are to be payable in whole or in part from the revenues of a utility under the management and control of the Commission, the City Council and Commission shall, by majority vote of each entity, prior to the issuance of the revenue bonds, agree on the capital costs of the project and the amount of the bonds. The term "capital costs" is as defined in G.S. 159-48(h). In addition, the City Council must approve by majority vote the incurring of debt or other financing of the utilities that involves the pledging or securing of the revenues, utilities, plant, property, or equipment to which it holds title pursuant to Section 6A.9 of this Chapter. The proceeds from the sale of any revenue bonds or from the issuance of other debt referenced in the preceding sentence shall be paid over to the treasurer of the Commission as agent for the City, who shall disburse the same as provided in this Chapter and shall be applied in the manner set forth in the Financing Documents.

"§ 6A.20. Contracts. All contracts, purchases, leases, or agreements made by or on behalf of the Commission shall be in accordance with the laws of the State of North Carolina. Any contract undertaken by the Commission that requires the estimated expenditure of funds in the amounts provided for in G.S. 143-129 shall be approved by a majority vote of the City Council. Approval of contracts below the threshold amount in G.S. 143-129 shall be by at least three members of the Commission without the need for further action by the City Council. Contracts that do not require approval by the City Council may be entered into by and in the name of the Public Works Commission of the City of Fayetteville, but contracts requiring approval by the City Council and all contracts involving the acquisition, titling, or conveyance of any interest in real property managed by the Commission shall be in the name of the City of Fayetteville.

"§ 6A.21. Shared or centralized services. The Commission shall pay for services received from the City, and the City shall pay for any services received from the Commission, and the payments shall be accounted for as provided by this Chapter, general law, or guidelines established by the Local Government Commission. The services shall only be provided by the City or Commission if they can be performed at or below prevailing market rates. If the services cannot be provided at or below prevailing market rates, the City or Commission shall provide its own services or contract with a third party to provide the services.

"§ 6A.22. Special assessments. The City Council may impose a special assessment for any purpose related to the provision of utility services against benefitted property as provided in Article 10 of Chapter 160A of the General Statutes.

"§ 6A.23. Retirement System. The Commission may participate in the North Carolina Local Governmental Employees' Retirement System.

"§ 6A.24. Investment authority. In addition to the authority granted in G.S. 159-30, the Commission may invest and reinvest any of the Commission's employee benefit funds held in trust, risk reserve funds, and capital reserves, as designated from time to time by the Commission, in one or more of the types of securities or other investments authorized by State law for the State Treasurer in G.S. 147-69.2(b)(1) through (6) and (8)."

SECTION 3. The procedures of the Charter do not purport to contain all acts necessary to carry the power, duty, function, privilege, or immunity into execution, and therefore the Charter procedure shall be supplemented by the general law procedure; but in case of conflict or inconsistency between the two procedures, the Charter procedures shall control, pursuant to G.S. 160A-3(b).

SECTION 4. Nothing herein is intended to contravene any provision of any Financing Documents, and therefore, to the extent required for compliance with the express provisions of such Financing Documents, all of the following apply:
(1) The actions of the Commission authorized pursuant to the terms of this new Chapter VIA of the Charter of the City of Fayetteville shall be deemed to be caused by actions of the City.

(2) No provisions of these amendments to the Charter shall be interpreted or applied to change the ownership or status of any revenues, plant, property, or equipment pledged as security for any outstanding indebtedness, and any such revenues, plant, property, and equipment shall remain so pledged.

(3) The budget process, the handling of records and accounts, receipts and disbursements, maintenance of cash reserves, remittances of funds to the City, and payment of bond proceeds as set forth in Sections 6A.12 through 6A.16 and Section 6A.19 of the Charter amendments shall be subject to the terms of any Financing Documents.

(4) Nothing herein shall be deemed to limit, impair, or alter the rights vested to bondholders or creditors under any Financing Documents.

(5) To the extent that Section 6A.16 of the Charter is inconsistent with the document titled "Agreement Between the City of Fayetteville and the Public Works Commission of the City of Fayetteville Establishing a Formal Operating Transfer," originally dated May 12, 2008, and as amended from time to time thereafter, then the provisions of Section 6A.16 of the Charter shall control.

SECTION 5. This act becomes effective July 1, 2016.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-48

AN ACT TO REMOVE CERTAIN DESCRIBED PROPERTY FROM THE CORPORATE LIMITS OF THE TOWN OF MAXTON AND TO REMOVE CERTAIN RESTRICTIONS ON SATELLITE ANNEXATIONS FOR THE TOWN OF SILER CITY.

The General Assembly of North Carolina enacts:

SECTION 1.(a) The following described property, referenced by the Robeson County Tax Office Parcel Identification Number, is removed from the corporate limits of the Town of Maxton: 331202045; 331202046; and 331202047.

SECTION 1.(b) This act has no effect upon the validity of any liens of the Town of Maxton for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the Town of Maxton.

SECTION 1.(c) This section becomes effective June 30, 2016. Property in the territory described by this section as of January 1, 2016, is no longer subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016.

SECTION 2. G.S. 160A-58.1 reads as rewritten:


... (b) A noncontiguous area proposed for annexation must meet all of the following standards:

... (5) The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, may not exceed ten percent (10%) of the area within the primary corporate limits of the annexing city.

This subdivision does not apply to the Cities of Belmont, Claremont, Concord, Conover, Durham, Elizabeth City, Gastonia, Greenville, Hickory, Kannapolis, Locust, Marion, Mount Airy, Mount Holly, New Bern, Newton,

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-49

H.B. 1132

AN ACT TO REMOVE CERTAIN DESCRIBED PROPERTY FROM THE CORPORATE LIMITS OF THE TOWN OF GLEN ALPINE.

The General Assembly of North Carolina enacts:

SECTION 1. The 1.8 acre property located at 1378 N. Powerhouse Road and referenced by Burke County Tax Office Bill Number 0016866 is removed from the corporate limits of the Town of Glen Alpine.

SECTION 2. This act has no effect upon the validity of any liens of the Town of Glen Alpine for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the Town of Glen Alpine.

SECTION 3. This act becomes effective June 30, 2016. Property in the territory described by Section 1 of this act as of January 1, 2016, is no longer subject to municipal taxes for taxable years beginning on or after July 1, 2016.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-50

H.B. 667

AN ACT TO AMEND PENALTIES AND REMEDIES FOR FACILITIES LICENSED TO CARE FOR THE MENTALLY ILL, DEVELOPMENTALLY DISABLED, OR SUBSTANCE ABUSERS AND FOR ADULT CARE HOME FACILITIES AND TO REMOVE THE SUNSET FOR THE PILOT PROGRAM TO STUDY THE USE OF ELECTRONIC SUPERVISION DEVICES IN CERTAIN FACILITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 122C-24.1 reads as rewritten:

"§ 122C-24.1. Penalties; remedies.
(a) Violation Classification and Penalties. – The Department of Health and Human Services shall impose an administrative penalty in accordance with provisions of this Article on any facility licensed under this Article which is found to be in violation of Article 2 or 3 of this

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Chapter or applicable State and federal laws and regulations. Citations for violations shall be classified and penalties assessed according to the nature of the violation as follows:

(1) "Type A1 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in death or serious physical harm, abuse, neglect, or exploitation. The person making the findings shall do the following:

a. Orally and immediately inform the facility of the Type A1 Violation and the specific findings.

a1. Require a written plan of protection regarding how the facility will immediately abate the Type A1 Violation in order to protect clients from further risk or additional harm.

b. Within 15 working days of the investigation, send a report of the findings to the facility.

c. Require a plan of correction to be submitted to the Department, based on a written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The Department shall impose a civil penalty in an amount not less than five hundred dollars ($500.00) nor more than ten thousand dollars ($10,000) for each Type A1 Violation in facilities or programs that serve six or fewer persons. The Department shall impose a civil penalty in an amount not less than one thousand dollars ($1,000) nor more than twenty thousand dollars ($20,000) for each Type A1 Violation in facilities or programs that serve seven or more persons. Where a facility has failed to correct a Type A1 Violation, the Department shall access the facility a civil penalty in the amount of up to one thousand dollars ($1,000) for each day that the violation continues beyond the time specified for correction. The Department or its authorized representative shall determine whether the violation has been corrected.

(1a) "Type A2 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in substantial risk that death or serious physical harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:

a. Orally and immediately inform the facility of the Type A2 Violation and the specific findings.

b. Require a written plan of protection regarding how the facility will immediately abate the Type A2 Violation in order to protect clients or residents from further risk or additional harm.

c. Within 15 working days of the investigation, send a report of the findings to the facility.

d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The violation or violations shall be corrected within the time specified for correction by the Department or its authorized representative. The Department may or may not assess a penalty taking into consideration the compliance history, preventative measures, and response to previous violations by the facility. Where a facility has failed to correct a Type A2 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars ($1,000) for each day that the
deficiency continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1b) "Past Corrected Type A1 or Type A2 Violation" means either (i) the violation was not previously identified by the Department or its authorized representative or (ii) the violation was discovered by the facility and was self-reported, but in either case the violation has been corrected. In determining whether a penalty should be assessed under this section, the Department shall consider the following factors:

a. Preventative measures in place prior to the violation.
b. Whether the violation or violations were abated immediately.
c. Whether the facility implemented corrective measures to achieve and maintain compliance.
d. Whether the facility's system to ensure compliance is maintained and continues to be implemented.
e. Whether the regulatory area remains in compliance.

(1c) As used in this section, "substantial risk" shall mean the risk of an outcome that is substantially certain to materialize if immediate action is not taken.

(2) "Type B Violation" means a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility which is detrimental to the health, safety, or welfare of any client or patient, but which does not result in substantial risk that death or serious physical harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:

a. Orally and immediately inform the facility of the Type B Violation and the specific findings.
b. Require a written plan of protection regarding how the facility will immediately abate the Type B Violation in order to protect clients or residents from further risk or additional harm.
c. Within 15 working days of the investigation, send a report of the findings to the facility.
d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

Where a facility has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility a civil penalty in the amount of up to four hundred dollars ($400.00) for each day that the violation continues beyond the date specified for correction without just reason for the failure. The Department or its authorized representative shall ensure that the violation has been corrected.

(2a) A Type A1, Type A2, or Type B Violation as defined above shall not include a violation by a facility of the regulations, standards, and requirements set forth in Article 2 or 3 of this Chapter or applicable State or federal laws and regulations governing the licensure or certification of a facility if all of the following criteria are met:

a. The violation was discovered by the facility.
b. The Department determines that the violation was abated immediately.
c. The violation was corrected prior to inspection by the Department.
d. The Department determines that reasonable preventative measures were in place prior to the violation.

e. The Department determines that subsequent to the violation, the facility implemented corrective measures to achieve and maintain compliance.

(3) Repeat Violations. – The Department shall impose a civil penalty which is treble the amount assessed under this subsection when a facility under the same management or ownership has received a citation during the previous 12 months for which the appeal rights are exhausted and penalty payment is expected or has occurred, and the current violation is for the same specific provision of a statute or regulation for which it received a violation during the previous 12 months.

(b) Repealed by Session Laws 2011-249, s. 1, effective June 23, 2011.

(c) Factors to Be Considered in Determining Amount of Initial Penalty. – In determining the amount of the initial penalty to be imposed under this section, the Department shall consider the following factors:

(1) There is substantial risk that serious physical harm, abuse, neglect, or exploitation will occur, and this has not been corrected within the time specified by the Department or its authorized representative;

(2) Serious physical harm, abuse, neglect, or exploitation, without substantial risk for client death, did occur;

(3) Serious physical harm, abuse, neglect, or exploitation, with substantial risk for client death, did occur;

(3a) A client died;

(3b) A client died and there is substantial risk to others for serious physical harm, abuse, neglect, or exploitation;

(3c) A client died and there is substantial risk for further client death;

(4) The reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and other applicable State and federal laws and regulations;

(5) Efforts by the licensee to correct violations;

(6) The number and type of previous violations committed by the licensee within the past 36 months; and

(7) Repealed by Session Laws 2011-249, s. 1, effective June 23, 2011.

(8) The number of clients or patients put at risk by the violation.

(d) The facts found to support the factors in subsection (c) of this section shall be the basis in determining the amount of the penalty. The Department shall document the findings in written record and shall make the written record available to all affected parties including:

(1) The licensee involved;

(2) The clients or patients affected; and

(3) The family members or guardians of the clients or patients affected.

(e) The Department shall impose a civil penalty of fifty dollars ($50.00) per day on any facility which refuses to allow an authorized representative of the Department to inspect the premises and records of the facility.

(f) Any facility wishing to contest a penalty shall be entitled to an administrative hearing as provided in Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails a notice of penalty to a licensee. At least the following specific issues shall be addressed at the administrative hearing:

(1) The reasonableness of the amount of any civil penalty assessed, and

(2) The degree to which each factor has been evaluated pursuant to subsection (c) of this section to be considered in determining the amount of an initial penalty.

If a civil penalty is found to be unreasonable or if the evaluation of each factor is found to be incomplete, the hearing officer may recommend that the penalty be adjusted accordingly.
(g) Any penalty imposed by the Department of Health and Human Services under this section shall commence on the date of the letter of notification of the penalty amount.

(h) The Secretary may bring a civil action in the superior court of the county wherein the violation occurred to recover the amount of the administrative penalty whenever a facility:

1. Which has not requested an administrative hearing fails to pay the penalty within 60 days after being notified of the penalty, or
2. Which has requested an administrative hearing fails to pay the penalty within 60 days after receipt of a written copy of the decision as provided in G.S. 150B-37.

(i) In lieu of assessing all or some of the administrative penalty, the Secretary may order a facility to provide staff training, or consider the approval of training completed by the facility after the violation, if the training is:

1. Specific to the violation. The training is determined by the Department to be specific to the violation.
2. Approved. The training is approved by the Department of Health and Human Services.
3. Taught. The training is taught by someone approved by the Department.
4. The facility has corrected the violation and continues to remain in compliance with the regulation.

(j) The clear proceeds of civil penalties provided for in this section shall be remitted to the State Treasurer for deposit in accordance with State law.

(k) In considering renewal of a license, the Department shall not renew a license if outstanding fines and penalties imposed by the Department against the facility or program have not been paid. Fines and penalties for which an appeal is pending are exempt from consideration for nonrenewal under this subsection.

SECTION 2. G.S. 131D-34 reads as rewritten:

"§ 131D-34. Penalties; remedies.

(a) Violation Classification and Penalties. – The Department of Health and Human Services shall impose an administrative penalty in accordance with provisions of this Article on any facility which is found to be in violation of requirements of G.S. 131D-21 or applicable State and federal laws and regulations. Citations for violations shall be classified and penalties assessed according to the nature of the violation as follows:

1. "Type A1 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in death or serious physical harm, abuse, neglect, or exploitation. The person making the findings shall do the following:
   a. Orally and immediately inform the facility of the Type A1 Violation and the specific findings.
   a1. Require a written plan of protection regarding how the facility will immediately abate the Type A1 Violation in order to protect residents from further risk or additional harm.
   b. Within 15 working days of the investigation, send a report of the findings to the facility.
   c. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The Department shall impose a civil penalty in an amount not less than five hundred dollars ($500.00) nor more than ten thousand dollars ($10,000) for each Type A1 Violation in facilities licensed for six or fewer beds. The Department shall impose a civil penalty in an amount not less than one thousand dollars ($1,000) nor more than twenty thousand dollars ($20,000) for each Type A1 Violation in facilities licensed for seven or more beds.
Where a facility has failed to correct a Type A1 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars ($1,000) for each day that the violation continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1a) "Type A2 Violation" means a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility which results in substantial risk that death or serious physical harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:
   a. Orally and immediately inform the facility of the Type A2 Violation and the specific findings.
   b. Require a written plan of protection regarding how the facility will immediately abate the Type A2 Violation in order to protect clients or residents from further risk or additional harm.
   c. Within 15 working days of the investigation, send a report of the findings to the facility.
   d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

The violation or violations shall be corrected within the time specified for correction by the Department or its authorized representative. The Department may or may not assess a penalty taking into consideration the compliance history, preventative measures, and response to previous violations by the facility. Where a facility has failed to correct a Type A2 Violation, the Department shall assess the facility a civil penalty in the amount of up to one thousand dollars ($1,000) for each day that the deficiency continues beyond the time specified for correction by the Department or its authorized representative. The Department or its authorized representative shall determine whether the violation has been corrected.

(1b) "Past Corrected Type A1 or Type A2 Violation" means either (i) the violation was not previously identified by the Department or its authorized representative or (ii) the violation was discovered by the facility and was self-reported, but in either case the violation has been corrected. In determining whether a penalty should be assessed under this section, the Department shall consider the following factors:
   a. Preventive systems in place prior to the violation.
   b. Whether the violation or violations were abated immediately.
   c. Whether the facility implemented corrective measures to achieve and maintain compliance.
   d. Whether the facility's system to ensure compliance is maintained and continues to be implemented.
   e. Whether the regulatory area remains in compliance.

(1c) As used in this section, "substantial risk" shall mean the risk of an outcome that is substantially certain to materialize if immediate action is not taken.

(2) "Type B Violation" means a violation by a facility of the regulations, standards and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility which is detrimental to the health, safety, or welfare of any resident, but which does not result in substantial risk that death or serious physical
harm, abuse, neglect, or exploitation will occur. The person making the findings shall do the following:

a. Orally and immediately inform the facility of the Type B Violation and the specific findings.

b. Require a written plan of protection regarding how the facility will immediately abate the Type B Violation in order to protect residents from further risk or additional harm.

c. Within 15 working days of the investigation, send a report of the findings to the facility.

d. Require a plan of correction to be submitted to the Department, based on the written report of the findings, that describes steps the facility will take to achieve and maintain compliance.

Where a facility has failed to correct a Type B Violation within the time specified for correction by the Department or its authorized representative, the Department shall assess the facility a civil penalty in the amount of up to four hundred dollars ($400.00) for each day that the violation continues beyond the date specified for correction without just reason for such failure. The Department or its authorized representative shall ensure that the violation has been corrected.

(2a) A Type A1, Type A2, or Type B Violation as defined above shall not include a violation by a facility of the regulations, standards, and requirements set forth in G.S. 131D-21 or applicable State or federal laws and regulations governing the licensure or certification of a facility if all of the following criteria are met:

a. The violation was discovered by the facility.

b. The Department determines that the violation was abated immediately.

c. The violation was corrected prior to inspection by the Department.

d. The Department determines that reasonable preventative measures were in place prior to the violation.

e. The Department determines that subsequent to the violation, the facility implemented corrective measures to achieve and maintain compliance.

(3) Repeat Violations. – The Department shall impose a civil penalty which is treble the amount assessed under subsection (a) of this section when a facility under the same management or ownership has received a citation during the previous 12 months for which the appeal rights are exhausted and penalty payment is expected or has occurred, and the current violation is for the same specific provision of a statute or regulation for which it received a violation during the previous 12 months. The counting of the 12-month period shall be tolled during any time when the facility is being operated by a court-appointed temporary manager pursuant to Article 4 of this Chapter.

(b) Repealed by Session Laws 2011-249, s. 2, effective June 23, 2011.

(c) Factors to Be Considered in Determining Amount of Initial Penalty. – In determining the amount of the initial penalty to be imposed under this section, the Department shall consider the following factors:

(1) There is substantial risk that serious physical harm, abuse, neglect, or exploitation will occur;

(1a) Serious physical harm, abuse, neglect, or exploitation, without substantial risk for resident death, did occur;

(1b) Serious physical harm, abuse, neglect, or exploitation, with substantial risk for resident death, did occur;

(1c) A resident died;
(1d) A resident died and there is substantial risk to others for serious physical harm, abuse, neglect, or exploitation;
(1e) A resident died and there is substantial risk for further resident death;
(2) The reasonable diligence exercised by the licensee to comply with G.S. 131E-256 and G.S. 131D-40 and other applicable State and federal laws and regulations;
(2a) Efforts by the licensee to correct violations;
(3) The number and type of previous violations committed by the licensee within the past 36 months; and
(4) Repealed by Session Laws 2011-249, s. 2, effective June 23, 2011;
(5) The number of residents put at risk by the violation.

(c1) The facts found to support the factors in subsection (c) of this section shall be the basis in determining the amount of the penalty. The Department shall document the findings in written record and shall make the written record available to all affected parties including:

(1) The penalty review committee;
(2) The local department of social services who is responsible for oversight of the facility involved;
(3) The licensee involved;
(4) The residents affected; and
(5) The family member who serves as a responsible party or those who have legal authority on behalf of the affected resident.

(c2) Local county departments of social services and Division of Health Service Regulation personnel shall submit proposed penalty recommendations to the Department within 45 days of the citation of a violation.

(d) The Department shall impose a civil penalty of fifty dollars ($50.00) per day on any facility which refuses to allow an authorized representative of the Department to inspect the premises and records of the facility.

(d1) The Department shall impose a civil penalty on any applicant for licensure who provides false information or omits information on the portion of the licensure application requesting information on owners, administrators, principals, or affiliates of the facility. The amount of the penalty shall be as is prescribed for a Type A1 Violation.

(e) Any facility wishing to contest a penalty shall be entitled to an administrative hearing as provided in Chapter 150B of the General Statutes. A petition for a contested case shall be filed within 30 days after the Department mails a notice of penalty to a licensee. At least the following specific issues shall be addressed at the administrative hearing:

(1) The reasonableness of the amount of any civil penalty assessed, and
(2) The degree to which each factor has been evaluated pursuant to subsection (c) of this section to be considered in determining the amount of an initial penalty.

If a civil penalty is found to be unreasonable or if the evaluation of each factor is found to be incomplete, the administrative law judge may order that the penalty be adjusted accordingly.

(f) Any penalty imposed by the Department of Health and Human Services under this section shall commence on the date the violation was identified.

(g) The Secretary may bring a civil action in the superior court of the county wherein the violation occurred to recover the amount of the administrative penalty whenever a facility:

(1) Which has not requested an administrative hearing fails to pay the penalty within 60 days after being notified of the penalty, or
(2) Which has requested an administrative hearing fails to pay the penalty within 60 days after receipt of a written copy of the decision as provided in G.S. 150B-36.
In lieu of assessing all or some of the administrative penalty, the Secretary may order a facility to provide staff training if the training is: (g1)

(1) **Specific to the violation**. The training is determined by the Department to be specific to the violation.

(2) **Approved**. The training is approved by the Department of Health and Human Services.

(3) **Taught**. The training is taught by someone approved by the Department.

(4) The facility has corrected the violation and continues to remain in compliance with the regulation.

The Secretary shall establish a penalty review committee within the Department, which shall meet as often as needed, but no less frequently than once each quarter of the year, to review administrative penalties assessed pursuant to this section and pursuant to G.S. 131E-129 as follows:

(1) The Secretary shall administer the work of the Committee and provide public notice of its meetings via Web site, and provide direct notice to the following parties involved in the penalties the Committee will be reviewing:

   a. The licensed provider, who upon receipt of the notice, shall post the notice of the scheduled Penalty Review Committee meeting in a conspicuous place available to residents, family members, and the public;

   b. The local department of social services that is responsible for oversight of the facility involved;

   c. The residents affected; and

   d. Those individuals lawfully designated by the affected resident to make health care decisions for the resident.

(2) The Secretary shall ensure that the Nursing Home/Adult Care Home Penalty Review Committee established by this subsection is comprised of nine members. At least one member shall be appointed from each of the following categories:

   a. A licensed pharmacist;

   b. A registered nurse experienced in long-term care;

   c. A representative of a nursing home;

   d. A representative of an adult care home; and

   e. Two public members. One shall be a “near” relative of a nursing home patient, chosen from a list prepared by the Office of State Long Term Care Ombudsman, Division of Aging, Department of Health and Human Services. One shall be a “near” relative of a rest home patient, chosen from a list prepared by the Office of State Long Term Care Ombudsman, Division of Aging, Department of Health and Human Services. For purposes of this subdivision, a “near” relative is a spouse, sibling, parent, child, grandparent, or grandchild.

(3) Neither the pharmacist, nurse, nor public members appointed under this subsection nor any member of their immediate families shall be employed by or own any interest in a nursing home or adult care home.

(4) Repealed by Session Laws 2005-276, s. 10.40A(1), effective July 1, 2005.

(4a) Repealed by Session Laws 2007-544, s. 1, effective October 1, 2007.

(4b) Prior to serving on the Committee, each member shall complete a training program provided by the Department of Health and Human Services that covers standards of care and applicable State and federal laws and regulations governing facilities licensed under Chapter 131D and Chapter 131E of the General Statutes.
Each member of the Committee shall serve a term of two years. The initial terms of the members shall commence on August 3, 1989. The Secretary shall fill all vacancies. Unexcused absences from three consecutive meetings constitute resignation from the Committee.

The Committee shall be cochaired by:

a. One member of the Department outside of the Division of Health Service Regulation; and
b. One member who is not affiliated with the Department.

(i) The clear proceeds of civil penalties provided for in this section shall be remitted to the State Treasurer for deposit in accordance with State law.”

SECTION 3. S.L. 2015-264, Section 91.4.(b), is repealed.

SECTION 4. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of June, 2016.

Session Law 2016-51

H.B. 19

AN ACT TO AMEND ARTICLE 84 OF CHAPTER 58 OF THE GENERAL STATUTES TO MAKE A TECHNICAL CORRECTION TO THE DEFINITION OF FIREFIGHTER TO INCLUDE FIREFIGHTERS EMPLOYED BY COUNTY FIRE MARSHAL OFFICES, TO CLARIFY THE AUTHORITY OF LOCAL BOARDS OF TRUSTEES TO PAY EXPENSES OF LOCAL FIREFIGHTERS’ RELIEF FUNDS, TO UPDATE THE APPOINTMENT PROCEDURES FOR LOCAL FIREFIGHTERS’ RELIEF FUND BOARDS OF TRUSTEES, TO CHANGE THE NAME OF THE NORTH CAROLINA STATE FIREFMEN’S ASSOCIATION TO THE NORTH CAROLINA STATE FIREFIGHTERS’ ASSOCIATION, AND TO CLARIFY THAT FIRE ALARMS THAT ARE UNINTENTIONAL AND RESULT IN NO DAMAGE ARE NOT CONSIDERED WHEN CALCULATING MINIMUM RESPONSE REQUIREMENTS FOR INITIAL RATING OR CLASSIFICATION UNDER G.S. 58-36-10(3).

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-84-5(3a) reads as rewritten:

“(3a) Firefighter or Fireman. Firefighter. – Any person who meets all of the following requirements:

a. Is a volunteer, employee, contractor, or member of a rated and certified fire department, or employee of a County Fire Marshal’s Office whose sole duty is to act as fire marshal, deputy fire marshal, assistant fire marshal, or firefighter of the county.

....”

SECTION 2. G.S. 58-84-25(d) reads as rewritten:

“(d) Administration. – These funds shall be held by the treasurer of a fire district as a separate and distinct fund. The fire district shall immediately pay the funds to the treasurer of the local board of trustees upon the treasurer’s election and qualification, for the use of the board of trustees of the firemen’s local relief fund, local Firefighters’ Relief Fund in each fire district to be used by it for the purposes provided in G.S. 58-84-35.”

SECTION 3. G.S. 58-84-30 reads as rewritten:

“§ 58-84-30. Trustees appointed; organization.

For each county, town or city complying with and deriving benefits from the provisions of this Article, there shall be appointed a local board of trustees, known as the trustees of the local Firefighters’ Relief Fund, to be composed of five members, two of whom shall be elected by the members of the local fire department who are qualified as beneficiaries of such fund, two of whom shall be elected by the mayor and board of aldermen or other local governing body, and
one of whom shall be named by the Commissioner of Insurance. Their selection and term of office shall be as follows:

(1) The members of the fire department shall hold an election each January to elect their two representatives to above board. In January 1950, the firefighters shall elect one member to serve for two years and one member to serve for one year, then each year in January thereafter, they shall elect only one member and his term of office shall be for two years. the board to serve at the pleasure of the members of the department. The elected representatives may serve until their resignation or until the department holds an election to replace them. Members Board members elected pursuant to this section subdivision shall be either (i) residents of the fire district or (ii) active or retired members of the fire department.

(2) The mayor and board of aldermen or other local governing body shall appoint, in January 1950, appoint two representatives to above board, one to hold office for two years and one to hold office for one year, and each year in January thereafter they shall appoint only one representative and his term of office shall be for two years. the board to serve at the pleasure of the governing body. Members Board members appointed pursuant to this section subdivision shall be residents of the fire district.

(3) The Commissioner of Insurance shall appoint one representative to serve as trustee and he who shall serve at the pleasure of the Commissioner. The member appointed pursuant to this section subdivision shall be either (i) a resident of the fire district or (ii) an active or retired member of the fire department.

All of the above trustees shall hold office for their elected or appointed time, or until their successors are elected or appointed, and shall serve without pay for their services. They shall immediately after election and appointment organize by electing from their members a chairman and a secretary and treasurer, which two last positions may be held by the same person. The treasurer of said board of trustees shall give a good and sufficient surety bond in a sum equal to the amount of moneys in his hand, to be approved by the Commissioner of Insurance. The cost of this bond may be deducted by the Insurance Commissioner from the receipts collected pursuant to G.S. 58-84-10 before distribution is made to local relief funds. If the chief or chiefs of the local fire departments are not named on the board of trustees as above provided, then they shall serve as ex officio members without privilege of voting on matters before the board.”

SECTION 4. G.S. 58-84-33(a) reads as rewritten:

§ 58-84-33. Maximum fund balances.

(a) The balance of a local fire department's Firefighters' Relief Fund for a given year shall not exceed the product of multiplying the number of members on the department's roster as of January 1 for that year by the sum of two thousand five hundred dollars ($2,500).

SECTION 5. G.S. 58-84-35(a) reads as rewritten:

§ 58-84-35. Disbursement of funds by trustees.

(a) The board of trustees shall have entire control of the funds derived from the provisions of this Article, and shall disburse the funds only for the following purposes:

(8) To cover necessary management and investment costs that are reasonable and appropriate in relation to the assets, purpose, and financial security of the local Firefighters' Relief Fund.”

SECTION 6. Chapter 251 of the Private Laws of 1889 is hereby amended by replacing the words "North Carolina State Firemen's Association" with the words "North Carolina State Firefighters' Association."
The entity formerly known as the North Carolina State Firemen's Association, and now known as the North Carolina State Firefighters' Association, is hereby authorized to amend its corporate documents to conform them to the association's new name by an appropriate filing with the Secretary of State.


SECTION 7. G.S. 58-36-10(3) reads as rewritten:

"(3) In the case of property insurance rates under this Article, consideration may be given to the experience of property insurance business during the most recent five-year period for which that experience is available. In the case of property insurance rates under this Article, consideration shall be given to the insurance public protection classifications of fire districts established by the Commissioner. The Commissioner shall establish and modify from time to time insurance public protection districts for all rural areas of the State and for cities with populations of 100,000 or fewer, according to the most recent annual population estimates certified by the State Budget Officer. In establishing and modifying these districts, the Commissioner shall use standards at least equivalent to those used by the Insurance Services Office, Inc., or any successor organization, except that fire alarms that are unintentional or the result of malfunction and result in no damage or fire shall not be considered in calculating minimum response requirements for initial rating or classification. The standards developed by the Commissioner are subject to Article 2A of Chapter 150B of the General Statutes. The insurance public protection classifications established by the Commissioner issued pursuant to the provisions of this Article shall be subject to appeal as provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-75(a) do not apply."

SECTION 8. This act becomes effective July 1, 2016.

In the General Assembly read three times and ratified this the 23rd day of June, 2016.

Session Law 2016-52

AN ACT TO CONFORM TO THE COMPARABLE PROVISION OF THE UNIFORM COMMERCIAL CODE THIS STATE'S LAW ON ACCORD AND SATISFACTION OF A DISPUTED DEBT THROUGH THE TENDERING OF A NEGOTIABLE INSTRUMENT AS FULL PAYMENT OF THE DEBT, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 25-3-311 reads as rewritten:

"§ 25-3-311. Accord and satisfaction by use of instrument.

(a) If a person against whom a claim is asserted proves that (i) that person in good faith tendered an instrument to the claimant as full satisfaction of the claim, (ii) the amount of the claim was unliquidated or subject to a bona fide dispute, and (iii) the claimant obtained payment of the instrument, the following subsections apply.
(b) Unless subsection (c) of this section applies, the claim is discharged if the person against whom the claim is asserted proves that the instrument or an accompanying written communication contained a conspicuous statement to the effect that the instrument was tendered as full satisfaction of the claim.

(c) Subject to subsection (d) of this section, a claim is not discharged under subsection (b) of this section when the claimant, if an organization, proves that (i) within a reasonable time before the tender, the claimant sent a conspicuous statement to the person against whom the claim is asserted that communications concerning disputed debts, including an instrument tendered as full satisfaction of a debt, are to be sent to a designated person, office, or place, and (ii) the instrument or accompanying communication was not received by that designated person, office, or place; if either of the following applies:

(1) The claimant, if an organization, proves that (i) within a reasonable time before the tender, the claimant sent a conspicuous statement to the person against whom the claim is asserted that communications concerning disputed debts, including an instrument tendered as full satisfaction of a debt, are to be sent to a designated person, office, or place and (ii) the instrument or accompanying communication was not received by that designated person, office, or place.

(2) The claimant, whether or not an organization, proves that within 90 days after payment of the instrument, the claimant tendered repayment of the amount of the instrument to the person against whom the claim is asserted. This subdivision does not apply if the claimant is an organization that sent a statement complying with clause (i) of subdivision (1) of this subsection.

(d) A claim is discharged if the person against whom the claim is asserted proves that within a reasonable time before collection of the instrument was initiated, the claimant, or an agent of the claimant having direct responsibility with respect to the disputed obligation, knew that the instrument was tendered in full satisfaction of the claim.

SECTION 2. This act becomes effective October 1, 2016, and applies to negotiable instruments tendered in full satisfaction of a claim on or after that date.

In the General Assembly read three times and ratified this the 23rd day of June, 2016.

Session Law 2016-53 S.B. 805

AN ACT TO ENACT THE REVISED UNIFORM FIDUCIARY ACCESS TO DIGITAL ASSETS ACT AND MAKE CONFORMING AMENDMENTS TO THE GENERAL STATUTES, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION.

The General Assembly of North Carolina enacts:

PART I. REVISED UNIFORM FIDUCIARY ACCESS TO DIGITAL ASSETS ACT

SECTION 1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 36F:

'Revised Uniform Fiduciary Access to Digital Assets Act.'

This Chapter may be cited as the Revised Uniform Fiduciary Access to Digital Assets Act.

§ 36F-2. Definitions.

The following definitions apply in this Chapter:

(1) Account. – An arrangement under a terms-of-service agreement in which a custodian carries, maintains, processes, receives, or stores a digital asset of the user or provides goods or services to the user.

(2) Agent. – An attorney-in-fact granted authority under a durable or nondurable power of attorney.

(3) Carries. – Engages in the transmission of an electronic communication.
(4) Catalogue of electronic communications. – Information that identifies each person with which a user has had an electronic communication, the time and date of the communication, and the electronic address of the person.

(5) Reserved.

(6) Content of an electronic communication. – Information concerning the substance or meaning of the communication which meets all of the following:
   a. Has been sent or received by a user.
   b. Is in electronic storage by a custodian providing an electronic-communication service to the public or is carried or maintained by a custodian providing a remote-computing service to the public.
   c. Is not readily accessible to the public.

(7) Court. – The clerk of superior court or superior court judge, as provided in G.S. 1-7, or other court having competent jurisdiction over the estate, trust, fiduciary, or user, as applicable, or other matters relating to the content of this Chapter.

(8) Custodian. – A person that carries, maintains, processes, receives, or stores a digital asset of a user.

(9) Designated recipient. – A person chosen by a user using an online tool to administer digital assets of the user.

(10) Digital asset. – An electronic record in which an individual has a right or interest. The term does not include an underlying asset or liability unless the asset or liability is itself an electronic record.

(11) Electronic. – Relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.


(13) Electronic-communication service. – A custodian that provides to a user the ability to send or receive an electronic communication.

(14) Fiduciary. – An original, additional, or successor personal representative, guardian, agent, or trustee.

(14a) Guardian. – A person appointed by a court to manage the estate of a living individual. The term includes a general guardian, a guardian of the estate, an interim guardian, and a standby guardian appointed under Chapter 35A of the General Statutes.

(15) Information. – Data, text, images, videos, sounds, codes, computer programs, software, databases, or the like.

(16) Online tool. – An electronic service provided by a custodian that allows the user, in an agreement distinct from the terms-of-service agreement between the custodian and user, to provide directions for disclosure or nondisclosure of digital assets to a third person.

(17) Person. – An individual, estate, business or nonprofit entity, public corporation, government or governmental subdivision, agency, instrumentality, business trust, partnership, limited liability company, association, joint venture, or any other legal or commercial entity.

(18) Personal representative. – An executor, administrator, special administrator, or person that performs substantially the same function under a law of this State other than this Chapter.

(19) Power of attorney. – A record that grants an agent authority to act in the place of a principal.

(20) Principal. – An individual who grants authority to an agent in a power of attorney.
Reserved.

Record. – Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

Remote-computing service. – A custodian that provides to a user computer-processing services or the storage of digital assets by means of an electronic-communications system, as defined in 18 U.S.C. § 2510(14).

Terms-of-service agreement. – An agreement that controls the relationship between a user and a custodian.

Trustee. – A fiduciary with legal title to property under an agreement or declaration that creates a beneficial interest in another. The term includes an original, additional, and successor trustee, whether or not confirmed by a court.

User. – A person that has an account with a custodian.

Ward. – An individual for whom a guardian has been appointed. The term includes an individual for whom an application for the appointment of a guardian is pending.

Will. – Includes a codicil, a testamentary instrument that only appoints an executor, and an instrument that revokes or revises a testamentary instrument.

§ 36F-3. Applicability.

(a) This Chapter applies to all of the following:
   (1) A fiduciary acting under a will or power of attorney executed before, on, or after the effective date of this act.
   (2) A personal representative acting for a decedent who died before, on, or after the effective date of this act.
   (3) A guardian appointed before, on, or after the effective date of this act.
   (4) A trustee acting under a trust created before, on, or after the effective date of this act.

(b) This Chapter applies to a custodian if the user resides in this State or resided in this State at the time of the user's death.

(c) This Chapter does not apply to a digital asset of an employer used by an employee in the ordinary course of the employer's business.

§ 36F-4. User direction for disclosure of digital assets.

(a) A user may use an online tool to direct the custodian to disclose to a designated recipient or not to disclose some or all of the user's digital assets, including the content of electronic communications. If the online tool allows the user to modify or delete a direction at all times, a direction regarding disclosure using an online tool overrides a contrary direction by the user in a will, trust, power of attorney, or other record.

(b) If a user has not used an online tool to give direction under subsection (a) of this section or if the custodian has not provided an online tool, the user may allow or prohibit in a will, trust, power of attorney, or other record, disclosure to a fiduciary of some or all of the user's digital assets, including the content of electronic communications sent or received by the user.

(c) A user's direction under subsection (a) or (b) of this section overrides a contrary provision in a terms-of-service agreement that does not require the user to act affirmatively and distinctly from the user's assent to the terms of service.

§ 36F-5. Terms-of-service agreement.

(a) This Chapter does not change or impair a right of a custodian or a user under a terms-of-service agreement to access and use digital assets of the user.

(b) This Chapter does not give a fiduciary or designated recipient any new or expanded rights other than those held by the user for whom, or for whose estate, the fiduciary or designated recipient acts or represents.
A fiduciary's or designated recipient's access to digital assets may be modified or eliminated by a user, by federal law, or by a terms-of-service agreement if the user has not provided direction under G.S. 36F-4.

§ 36F-6. Procedure for disclosing digital assets.
(a) When disclosing digital assets of a user under this Chapter, the custodian may, at its sole discretion, do any of the following:

(1) Grant a fiduciary or designated recipient full access to the user's account.
(2) Grant a fiduciary or designated recipient partial access to the user's account sufficient to perform the tasks with which the fiduciary or designated recipient is charged.
(3) Provide a fiduciary or designated recipient a copy in a record of any digital asset that, on the date the custodian received the request for disclosure, the user could have accessed if the user were alive and had full capacity and access to the account.

(b) A custodian may assess a reasonable administrative charge for the cost of disclosing digital assets under this Chapter.
(c) A custodian need not disclose under this Chapter a digital asset deleted by the user.
(d) If a user directs or a fiduciary requests a custodian to disclose under this Chapter some, but not all, of the user's digital assets, the custodian need not disclose the assets if segregation of the assets would impose an undue burden on the custodian. If the custodian believes the direction or request imposes an undue burden, the custodian or fiduciary may seek an order from the court to disclose any of the following:

(1) A subset limited by date of the user's digital assets.
(2) All of the user's digital assets to the fiduciary or designated recipient.
(3) None of the user's digital assets.
(4) All of the user's digital assets to the court for review in camera.

§ 36F-7. Disclosure of content of electronic communications of deceased user.
If a deceased user consented or a court directs disclosure of the contents of electronic communications of the user, the custodian shall disclose to the personal representative of the estate of the user the content of an electronic communication sent or received by the user if the personal representative gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) A certified copy of the death certificate of the user.
(3) A certified copy of letters of administration or letters testamentary of the personal representative, a certified copy of a small estate affidavit filed in accordance with G.S. 28A-25-1(b), a certified copy of a summary administration order described in G.S. 28A-28-3, or a court order.
(4) Unless the user provided direction using an online tool, a copy of the user's will, trust, power of attorney, or other record evidencing the user's consent to disclosure of the content of electronic communications.
(5) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the user's account.
   b. Evidence linking the account to the user.
   c. A finding by the court of any of the following:
      1. That the user had a specific account with the custodian, identifiable by the information specified in sub-subdivision a. of this subdivision.
3. That, unless the user provided direction using an online tool, the user consented to disclosure of the content of electronic communications.

4. That disclosure of the content of electronic communications of the user is reasonably necessary for administration of the estate.

"§ 36F-8. Disclosure of other digital assets of deceased user.

Unless the user prohibited disclosure of digital assets or the court directs otherwise, a custodian shall disclose to the personal representative of the estate of a deceased user a catalogue of electronic communications sent or received by the user and digital assets, other than the content of electronic communications, of the user, if the personal representative gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) A certified copy of the death certificate of the user.
(3) A certified copy of letters of administration or letters testamentary of the personal representative, a certified copy of a small estate affidavit filed in accordance with G.S. 28A-25-1(b), a certified copy of a summary administration order described in G.S. 28A-28-3, or a court order.
(4) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the user's account.
   b. Evidence linking the account to the user.
   c. An affidavit stating that disclosure of the user's digital assets is reasonably necessary for administration of the estate.
   d. A finding by the court of any of the following:
      1. That the user had a specific account with the custodian, identifiable by the information specified in subdivision a.
      2. That disclosure of the user's digital assets is reasonably necessary for administration of the estate.


To the extent a power of attorney expressly grants an agent authority over the content of electronic communications sent or received by the principal and unless directed otherwise by the principal or the court, a custodian shall disclose to the agent the content of an electronic communication if the agent gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) An original or copy of the power of attorney expressly granting the agent authority over the content of electronic communications of the principal.
(3) A certification by the agent, under penalty of perjury, that the power of attorney is in effect.
(4) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the principal's account.
   b. Evidence linking the account to the principal.

"§ 36F-10. Disclosure of other digital assets of principal.

Unless otherwise ordered by the court, directed by the principal, or provided by a power of attorney, a custodian shall disclose to an agent with specific authority over digital assets or general authority to act on behalf of a principal a catalogue of electronic communications sent or received by the principal, and digital assets, other than the content of communications, of the principal if the agent gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) An original or a copy of the power of attorney that gives the agent specific authority over digital assets or general authority to act on behalf of the principal.

(3) A certification by the agent, under penalty of perjury, that the power of attorney is in effect.

(4) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the principal's account.
   b. Evidence linking the account to the principal.

§ 36F-11. Disclosure of digital assets held in trust when trustee is original user.

Unless otherwise ordered by the court or provided in a trust, a custodian shall disclose to a trustee that is an original user of an account any digital asset of the account held in trust, including a catalogue of electronic communications of the trustee and the content of electronic communications.

§ 36F-12. Disclosure of contents of electronic communications held in trust when trustee not original user.

Unless otherwise ordered by the court, directed by the user, or provided in a trust, a custodian shall disclose to a trustee that is not an original user of an account the content of an electronic communication sent or received by an original or successor user and carried, maintained, processed, received, or stored by the custodian in the account of the trust if the trustee gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) A verified copy of the trust instrument, or a certification of the trust under G.S. 36C-10-1013, that includes consent to disclosure of the content of electronic communications to the trustee.
(3) A certification by the trustee, under penalty of perjury, that the trust exists and the trustee is a currently acting trustee of the trust.
(4) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the trust's account.
   b. Evidence linking the account to the trust.

§ 36F-13. Disclosure of other digital assets held in trust when trustee not original user.

Unless otherwise ordered by the court, directed by the user, or provided in a trust, a custodian shall disclose, to a trustee that is not an original user of an account, a catalogue of electronic communications sent or received by an original or successor user and stored, carried, or maintained by the custodian in an account of the trust and any digital assets, other than the content of electronic communications, in which the trust has a right or interest if the trustee gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) A certified copy of the trust instrument or a certification of the trust under G.S. 36C-10-1013.
(3) A certification by the trustee, under penalty of perjury, that the trust exists and the trustee is a currently acting trustee of the trust.
(4) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account identifier assigned by the custodian to identify the trust's account.
   b. Evidence linking the account to the trust.


(a) After a hearing on a motion in the cause pursuant to G.S. 35A-1207, the court may grant a guardian access to the digital assets of a ward.

(b) Unless otherwise ordered by the court or directed by the user, a custodian shall disclose to a guardian the catalogue of electronic communications sent or received by a ward.
and any digital assets, other than the contents of electronic communications, in which the ward
has a right or interest if the guardian gives the custodian all of the following:

(1) A written request for disclosure in physical or electronic form.
(2) A certified copy of the court order that gives the guardian authority over the
digital assets of the ward.
(3) If requested by the custodian, any of the following:
   a. A number, username, address, or other unique subscriber or account
      identifier assigned by the custodian to identify the account of the
      ward.
   b. Evidence linking the account to the ward.

(c) A guardian with general authority to manage the assets of a ward may request a
custodian of the digital assets of the ward to suspend or terminate an account of the ward for
good cause. A request made under this section must be accompanied by a certified copy of the
court order giving the guardian authority over the ward's property.

§ 36F-15. Fiduciary duty and authority.
(a) The legal duties imposed on a fiduciary charged with managing tangible property
apply to the management of digital assets, including all of the following:

   (1) The duty of care.
   (2) The duty of loyalty.
   (3) The duty of confidentiality.

(b) All of the following apply to a fiduciary's or designated recipient's authority with
respect to a digital asset of a user:

   (1) Except as otherwise provided in G.S. 36F-4, it is subject to the applicable
terms of service.
   (2) It is subject to other applicable law, including copyright law.
   (3) In the case of a fiduciary, it is limited by the scope of the fiduciary's duties.
   (4) It shall not be used to impersonate the user.

(c) A fiduciary with authority over the property of a decedent, ward, principal, or settlor
has the right to access any digital asset in which the decedent, ward, principal, or settlor had a
right or interest and that is not held by a custodian or subject to a terms-of-service agreement.

(d) A fiduciary acting within the scope of the fiduciary's duties is an authorized user of
the property of the decedent, ward, principal, or settlor for the purpose of applicable computer
fraud and unauthorized computer access laws, including G.S. 14-458.

(e) A fiduciary with authority over the tangible, personal property of a decedent, ward,
principal, or settlor:

   (1) Has the right to access the property and any digital asset stored in it; and
   (2) Is an authorized user for the purpose of computer fraud and
      unauthorized-computer-access laws, including G.S. 14-458.

(f) A custodian may disclose information in an account to a fiduciary of the user when
the information is required to terminate an account used to access digital assets licensed to the
user.

(g) A fiduciary of a user may request a custodian to terminate the user's account. A
request for termination must be in writing, in either physical or electronic form, and
accompanied by all of the following:

   (1) If the user is deceased, a certified copy of the death certificate of the user.
   (2) A certified copy of letters of administration or letters testamentary of the
      personal representative, a certified copy of a small estate affidavit filed in
      accordance with G.S. 28A-25.1(b), a certified copy of a summary
      administration order described in G.S. 28A-28-3, or a court order, power of
      attorney, or trust giving the fiduciary authority over the account,
   (3) If requested by the custodian, any of the following:
      a. A number, username, address, or other unique subscriber or account
         identifier assigned by the custodian to identify the user's account.
b. Evidence linking the account to the user.
c. A finding by the court that the user had a specific account with the custodian, identifiable by the information specified in sub-subdivision a. of this subdivision.

"§ 36F-16. Custodian compliance and immunity.

(a) Not later than 60 days after receipt of the information required under G.S. 36F-7 through G.S. 36F-15, a custodian shall comply with a request under this Chapter from a fiduciary or designated recipient to disclose digital assets or terminate an account. If the custodian fails to comply, the fiduciary or designated recipient may apply to the court for an order directing compliance.

(b) An order under subsection (a) of this section directing compliance must contain a finding that compliance is not in violation of 18 U.S.C. § 2702.

c. A custodian may notify the user that a request for disclosure or to terminate an account was made under this Chapter.

d. A custodian may deny a request under this Chapter from a fiduciary or designated recipient for disclosure of digital assets or to terminate an account if the custodian is aware of any lawful access to the account following the receipt of the fiduciary's or designated recipient's request.

e. This Chapter does not limit a custodian's ability to obtain or require a fiduciary or designated recipient requesting disclosure or termination under this Chapter to obtain a court order which does all of the following:
   (1) Specifies that an account belongs to the ward or principal.
   (2) Specifies that there is sufficient consent from the ward or principal to support the requested disclosure.
   (3) Contains a finding required by law other than this Chapter.

(f) A custodian and its officers, employees, and agents are immune from liability for an act or omission done in good faith in compliance with this Chapter.

"§ 36F-17. Uniformity of application and construction.

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.


This Chapter modifies, limits, or supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001, et seq., but does not modify, limit, or supersede Section 101(c) of that Act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that Act, 15 U.S.C. § 7003(b)."

PART II. CONFORMING AMENDMENTS TO THE GENERAL STATUTES

SECTION 2. G.S. 14-458 reads as rewritten:

"§ 14-458. Computer trespass; penalty.

(a) Except as otherwise made unlawful by this Article, it shall be unlawful for any person to use a computer or computer network without authority and with the intent to do any of the following:
   (1) Temporarily or permanently remove, halt, or otherwise disable any computer data, computer programs, or computer software from a computer or computer network.
   (2) Cause a computer to malfunction, regardless of how long the malfunction persists.
   (3) Alter or erase any computer data, computer programs, or computer software.
   (4) Cause physical injury to the property of another.
   (5) Make or cause to be made an unauthorized copy, in any form, including, but not limited to, any printed or electronic form of computer data, computer programs, or computer software residing in, communicated by, or produced by a computer or computer network.

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(6) Falsely identify with the intent to deceive or defraud the recipient or forge commercial electronic mail transmission information or other routing information in any manner in connection with the transmission of unsolicited bulk commercial electronic mail through or into the computer network of an electronic mail service provider or its subscribers.

For purposes of this subsection, a person is "without authority" when (i) the person has no right or permission of the owner to use a computer, or the person uses a computer in a manner exceeding the right or permission, or (ii) the person uses a computer or computer network, or the computer services of an electronic mail service provider to transmit unsolicited commercial electronic mail in contravention of the authority granted by or in violation of the policies set by the electronic mail service provider.

... 

d) It is not a violation of this section for a person to act pursuant to Chapter 36F of the General Statutes."

SECTION 3. G.S. 28A-13-3(a) reads as rewritten:


(a) Except as qualified by express limitations imposed in a will of the decedent or a court order, and subject to the provisions of G.S. 28A-13-6 respecting the powers of joint personal representatives, a personal representative has the power to perform in a reasonable and prudent manner every act which a reasonable and prudent person would perform incident to the collection, preservation, liquidation or distribution of a decedent's estate so as to accomplish the desired result of settling and distributing the decedent's estate in a safe, orderly, accurate and expeditious manner as provided by law, including the powers specified in the following subdivisions:

... 

(3a) To obtain the decedent's digital assets, as provided in Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets.

...."

SECTION 4. G.S. 32-27 reads as rewritten:

"§ 32-27. Powers which may be incorporated by reference in trust instrument. The following powers may be incorporated by reference as provided in G.S. 32-26:

... 

(32) Obtain Digital Assets. – To obtain any digital assets to the extent permitted by Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets."
(2) Personal property transactions ............................................................ _________
(2a) Obtain, request, and authorize disclosure of digital assets .................. _________
(3) Bond, share, stock, securities, and commodity transactions .................. _________
(4) Banking transactions ........................................................................... _________
(5) Safe deposits ....................................................................................... _________
(6) Business operating transactions .......................................................... _________
(7) Insurance transactions ........................................................................... _________
(8) Estate transactions ................................................................................ _________
(9) Personal relationships and affairs ........................................................ _________
(10) Social security and unemployment ..................................................... _________
(11) Benefits from military service ............................................................. _________
(12) Tax matters ........................................................................................ _________
(13) Employment of agents .......................................................................... _________
(14) Gifts to charities, and to individuals other than the attorney-in-fact ...... _________
(15) Gifts to the named attorney-in-fact ..................................................... _________
(16) Renunciation of an interest in or power over property to benefit persons other than the attorney-in-fact ................................... _________
(17) Renunciation of an interest in or power over property to benefit persons including the attorney-in-fact ........................................ _________

(If power of substitution and revocation is to be given, add: 'I also give to such person full power to appoint another to act as my attorney-in-fact and full power to revoke such appointment.')

(If period of power of attorney is to be limited, add: "This power terminates ____, __")

(If power of attorney is to be a durable power of attorney under the provision of Article 2 of Chapter 32A and is to continue in effect after the incapacity or mental incompetence of the principal, add: 'This power of attorney shall not be affected by my subsequent incapacity or mental incompetence.')

(If power of attorney is to take effect only after the incapacity or mental incompetence of the principal, add: 'This power of attorney shall become effective after I become incapacitated or mentally incompetent.')

(If power of attorney is to be effective to terminate or direct the administration of a custodial trust created under the Uniform Custodial Trust Act, add: 'In the event of my subsequent incapacity or mental incompetence, the attorney-in-fact of this power of attorney shall have the power to terminate or to direct the administration of any custodial trust of which I am the beneficiary.')

(If power of attorney is to be effective to determine whether a beneficiary under the Uniform Custodial Trust Act is incapacitated or ceases to be incapacitated, add: 'The attorney-in-fact of this power of attorney shall have the power to determine whether I am incapacitated or whether my incapacity has ceased for the purposes of any custodial trust of which I am the beneficiary.')

Dated ______________, ______.

______________________________ (Seal)

STATE OF ____________________ COUNTY OF _______________

On this ______ day of___________, ______, personally appeared before me, the said named ______ to me known and known to me to be the person described in and who executed the foregoing instrument and he (or she) acknowledged that he (or she) executed the same and being duly sworn by me, made oath that the statements in the foregoing instrument are true.
SESSION 6. G.S. 32A-2 reads as rewritten:


The Statutory Short Form Power of Attorney set out in G.S. 32A-1 confers the following powers on the attorney-in-fact named therein:

...  

(2a) Obtain, Request, and Authorize Disclosure of Digital Assets. — To obtain any digital assets, as provided in Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets.

(3) Bond, Share, Stock, Securities, and Commodity Transactions. — To request, ask, demand, sue for, recover, collect, receive, and hold and possess any bond, share, instrument of similar character, commodity interest or any instrument with respect thereto together with the interest, dividends, proceeds, or other distributions connected therewith, as now are, or shall hereafter become, owned by, or due, owing payable, or belonging to, the principal at the time of execution or in which the principal may hereafter acquire interest, to have, use, and take all lawful means and equitable and legal remedies, procedures, and writs in the name of the principal for the collection and recovery thereof, and to adjust, sell, compromise, and agree for the same, and to make, execute, and deliver for the principal, all endorsements, acquittances, releases, receipts, or other sufficient discharges for the same.

...  

SECTION 7. G.S. 35A-1251 reads as rewritten:

§ 35A-1251. Guardian's powers in administering incompetent ward's estate.

In the case of an incompetent ward, a general guardian or guardian of the estate has the power to perform in a reasonable and prudent manner every act that a reasonable and prudent person would perform incident to the collection, preservation, management, and use of the ward's estate to accomplish the desired result of administering the ward's estate legally and in the ward's best interest, including but not limited to the following specific powers:

...  

(2a) To obtain the ward's digital assets, as provided in Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets.

...  

SECTION 8. G.S. 35A-1252 reads as rewritten:

§ 35A-1252. Guardian's powers in administering minor ward's estate.

In the case of a minor ward, a general guardian or guardian of the estate has the power to perform in a reasonable and prudent manner every act that a reasonable and prudent person would perform incident to the collection, preservation, management, and use of the ward's estate to accomplish the desired result of administering the ward's estate legally and in the ward's best interest, including but not limited to the following specific powers:

...  

(2a) To obtain the ward's digital assets, as provided in Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets.

...  

SECTION 9. G.S. 36C-8-816 reads as rewritten:
§ 36C-8-816. Specific powers of trustee.

Without limiting the authority conferred by G.S. 36C-8-815, a trustee may:

(31) Distribute the assets of an inoperative trust consistent with the authority granted under G.S. 28A-22-110; and

(32) Renounce, in accordance with Chapter 31B of the General Statutes, an interest in or power over property, including property that is or may be burdened with liability for violation of environmental law; and

(33) Obtain any digital assets, as provided in Chapter 36F of the General Statutes, including catalogues and content, and to request and authorize disclosure of the digital assets.

PART III. EFFECTIVE DATE AND AUTHORIZATION FOR THE PRINTING OF OFFICIAL AND DRAFTERS' COMMENTS

SECTION 10. The Revisor of Statutes shall cause to be printed, as annotations to the published General Statutes, all relevant portions of the Official Comments to the Revised Uniform Fiduciary Access to Digital Assets Act (2015) and all explanatory comments of the drafters of this act as the Revisor may deem appropriate.

SECTION 11. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provision or application, and to this end, the provisions of this act are severable.

SECTION 12. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 23rd day of June, 2016.

Session Law 2016-54

AN ACT TO ADJUST THE COMPOSITION OF THE BOARD OF TRUSTEES OF REGIONAL TRANSPORTATION AUTHORITIES, TO PROVIDE THAT ALL MEMBERS OF THE BOARD OF TRUSTEES SHALL BE VOTING MEMBERS, TO AUTHORIZE REGIONAL TRANSPORTATION AUTHORITIES TO HIRE A CHIEF ADMINISTRATIVE OFFICER, AND TO CLARIFY THE VOTING PROCESS BY MEMBERS OF THE BOARD OF TRUSTEES OF REGIONAL TRANSPORTATION AUTHORITIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-635 reads as rewritten:

§ 160A-635. Membership; officers; compensation.

(a) The governing body of an authority is the Board of Trustees. The Board of Trustees shall consist of:

(2) Two—At least two, but not more than three members of the Board of Transportation appointed by the Secretary of Transportation, to serve as ex officio nonvoting members. Members appointed under this subdivision shall be (i) division members from a highway division or highway divisions located wholly or partially within the territorial jurisdiction of the Authority, (ii) at-large members who represent or have an expertise in mass transit and reside within the territorial jurisdiction of the Authority, or (iii) a combination of division members and at-large members meeting the requirements set forth in this subdivision.
(c) Service on the Board of Trustees may be in addition to any other office which a person is entitled to hold. Each voting member of the Board of Trustees may hold elective public office as defined by G.S. 128-1.1(d).

(e) The Board of Trustees shall annually elect from its membership a Chairperson, and a Vice-Chairperson, and shall annually elect a Secretary, and a Treasurer.

SECTION 2. G.S. 160A-636 reads as rewritten:
"§ 160A-636. Voting; action by the Board of Trustees.
(a) Quorum. – A majority of the membership of the Board of Trustees shall constitute a quorum for the transaction of business. Except as provided by G.S. 160A-635(a)(2), each member shall have one vote. A member who has withdrawn from a meeting without being excused by majority vote of the remaining members present shall be counted as present for purposes of determining whether or not a quorum is present. No member shall be excused from voting except upon matters involving the consideration of the member's own financial interest or official conduct or on matters on which the member is prohibited from voting under any other provision of law.

(b) Action. – An affirmative vote equal to a majority of all the members of the Board of Trustees not excused from voting on the question in issue shall be required to authorize or commit the expenditure of public funds, or make, ratify, or authorize any contract on behalf of the Authority."

SECTION 3. G.S. 160A-639 reads as rewritten:
The general powers of the Authority shall include any or all of the following:

(1) To sue and be sued.
(2) To have a seal.
(3) To make rules and regulations, not inconsistent with this Chapter, for its organization and internal management.
(4) To employ persons deemed necessary a chief administrative officer to carry out the functions and duties assigned to them by of the Authority. The Board of Trustees shall fix their compensation, the compensation of the chief administrative officer and any employees hired by the chief administrative officer pursuant to G.S. 160A-639.1, within the limit of available funds.
(5) With the approval of the unit of local government's chief administrative official, to use officers, employees, agents, and facilities of the unit of local government for such purposes and upon such terms as may be mutually agreeable.
(6) To retain and employ counsel, auditors, engineers, and private consultants on an annual salary, contract basis, or otherwise for rendering professional or technical services and advice.
(7) To acquire, lease as lessee with or without option to purchase, hold, own, and use any franchise, property, real or personal, tangible or intangible, or any interest therein, and to sell, lease as lessor with or without option to purchase, transfer (or dispose thereof) whenever the same is no longer required for purposes of the Authority, or exchange same for other property or rights which are useful for the Authority's purposes, including but not necessarily limited to parking facilities.
(8) To acquire by gift, purchase, lease as lessee with or without option to purchase or otherwise to construct, improve, maintain, repair, operate, or administer any component parts of a public transportation system or to contract for the maintenance, operation or administration thereof, or to lease
as lessor the same for maintenance, operation, or administration by private parties, including, but not necessarily limited to, parking facilities.

(9) To make or enter into contracts, agreements, deeds, leases with or without option to purchase, conveyances or other instruments, including contracts and agreements with the United States, the State of North Carolina, and units of local government.

(9a) To purchase or finance real or personal property in the manner provided for cities and counties under G.S. 160A-20.

(10) To surrender to the State of North Carolina any property no longer required by the Authority.

(11) To develop and make data, plans, information, surveys and studies of public transportation facilities within the territorial jurisdiction of the Authority and to prepare and make recommendations in regard thereto.

(12) To enter in a reasonable manner lands, waters, or premises for the purpose of making surveys, soundings, drillings, and examinations whereby such entry shall not be deemed a trespass except that the Authority shall be liable for any actual and consequential damages resulting from such entries.

(13) To develop and carry out demonstration projects.

(14) To make, enter into, and perform contracts with private parties, and public transportation companies with respect to the management and operation of public passenger transportation.

(15) To make, enter into, and perform contracts with any public utility, railroad or transportation company for the joint use of property or rights, for the establishment of through routes, joint fares, or transfer of passengers.

(16) To make, enter into, and perform agreements with governmental entities for payments to the Authority for the transportation of persons for whom the governmental entities desire transportation.

(17) With the consent of the unit of local government which would otherwise have jurisdiction to exercise the powers enumerated in this subdivision: to issue certificates of public convenience and necessity; and to grant franchises and enter into franchise agreements, and in all respects to regulate the operation of buses, taxicabs, and other methods of public passenger transportation which originate and terminate within the territorial jurisdiction of the Authority as fully as the unit of local government is now or hereafter empowered to do within the territorial jurisdiction of the unit of local government.

(18) To operate public transportation systems and to enter into and perform contracts to operate public transportation services and facilities, and to own or lease property, facilities and equipment necessary or convenient therefor, and to rent, lease or otherwise sell the right to do so to any person, public or private; further, to obtain grants, loans, and assistance from the United States, the State of North Carolina, any public body, or any private source whatsoever, but may not operate or contract for the operation of public transportation systems outside the territorial jurisdiction of the Authority except as provided by subdivision (20) of this section.

(19) To enter into and perform contracts and agreements with other public transportation authorities, regional public transportation authorities, or units of local government pursuant to the provisions of G.S. 160A-460 through G.S. 160A-464 (Part 1 of Article 20 of Chapter 160A of the General Statutes); further to enter into contracts and agreements with private transportation companies, but this subdivision does not authorize the
operation of, or contracting for the operation of, service of a public transportation system outside the service area of the Authority.

(20) To operate public transportation systems extending service into any political subdivision of the State of North Carolina unless a particular unit of local government operating its own public transportation system or franchising the operation of a public transportation system by majority vote of its governing board, shall deny consent, but such service may not extend more than 10 miles outside of the territorial jurisdiction of the authority, except that vanpool and carpool service shall not be subject to that mileage limitation.

(21) Except as restricted by covenants in bonds, notes, or equipment trust certificates, to set in its sole discretion rates, fees, and charges for use of its public transportation system.

(22) To do all things necessary or convenient to carry out its purpose and to exercise the powers granted to the Authority.

(23) To facilitate the coordination of transportation plans in the service area and the activities of the member Metropolitan Planning Organizations.

(24) To maintain databases for the projection of future travel demands in the region.

(25) To provide and operate regional ridesharing and vanpool operations.

(26) To provide and operate regional transportation services for the elderly and handicapped.

(27) To provide other transportation related services, including air quality monitoring and analysis, as determined by the Board of Trustees.

(28) To issue bonds or other obligations of the Authority as provided by law and apply the proceeds thereof to the financing of any public transportation system or any part thereof and to refund, whether or not in advance of maturity or the earliest redemption date, any such bonds or other obligations.

(29) To contract for, or to provide and maintain, with respect to the facilities and property owned, leased with or without option to purchase, operated or under the control of the Authority, and within the territory thereof, a security force to protect persons and property, dispense unlawful or dangerous assemblages and assemblages which obstruct full and free passage, control pedestrian and vehicular traffic, and otherwise preserve and protect the public peace, health, and safety; for these purposes a member of such force shall be a peace officer and, as such, shall have authority equivalent to the authority of a police officer of the city or county in which said member of such force is discharging such duties.

SECTION 4. Article 27 of Chapter 160A of the General Statutes is amended by adding a new section to read:

§ 160A-639.1. Duties of the chief administrative officer; appointment of clerk.

(a) Duties. – The chief administrative officer employed by the Authority in accordance with G.S. 160A-639 shall be responsible to the Board of Trustees for administering all matters placed in his or her charge by the Board of Trustees and shall have all of the following powers and duties:

(1) To hire, appoint, suspend, or remove any employee of the Authority, provided that nothing in this subdivision shall be construed as superseding or altering any other provision of law governing the suspension or removal of an employee of the Authority.
(2) To direct and supervise all employees of the Authority and the administration of all departments, offices, and agencies of the Authority, subject to the general direction and control of the Board of Trustees and except as otherwise provided by law.

(3) To attend all meetings of the Board of Trustees and recommend any measures he or she deems expedient.

(4) To see that all laws of the State are faithfully executed.

(5) To prepare and submit the annual budget and capital program to the Board of Trustees.

(6) To annually submit to the Board of Trustees and make available to the public a complete report on the finances and administrative activities of the Authority as of the end of the fiscal year.

(7) To make any other reports that the Board of Trustees may require concerning the operations of the Authority.

(8) To perform any other duties that may be required or authorized by the Board of Trustees.

(b) Clerk. – In addition to the duties set forth in subsection (a) of this section, the chief administrative officer shall designate an employee of the Authority as clerk, whose duties shall include all of the following:

(1) Provide notice of meetings of the Board of Trustees.

(2) Keep a journal of the proceedings of the Board of Trustees.

(3) Be the custodian of all Authority records.

(4) Perform any other duties that may be required by law or the Board of Trustees.

SECTION 5. This act becomes effective August 1, 2016, and applies to contracts entered into and other actions taken by Regional Transportation Authorities on or after that date.

In the General Assembly read three times and ratified this the 22nd day of June, 2016.

Session Law 2016-55

H.B. 1137

AN ACT TO ENACT THE TREASURER'S 2016 INVESTMENT AND ADMINISTRATIVE CHANGES ACT.

The General Assembly of North Carolina enacts:

PART I. UPDATE STATUTES FOR TODAY'S MARKET

SECTION 1.1. G.S. 147-66 reads as rewritten:

"§ 147-66. Office and office hours.

The Treasurer shall keep his or her office at the City of Raleigh, and shall attend there between the hours of 10 o'clock A.M. and three o'clock P.M., Sundays, Saturdays, Sundays, periods of travel, and legal holidays excepted. He shall be allowed such office room as may be necessary."

SECTION 1.2. G.S. 147-69.1(c) reads as rewritten:

"(c) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (b) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

(1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States.

(2) Obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service, the Export-Import Bank, the International Bank
for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank, and the Student Loan Marketing Association Bank.

(7) Prime quality commercial paper that, when acquired, bears the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

(8) Bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that when bills or drafts are acquired, the accepting bank or its holding company is either (i) incorporated in the State of North Carolina or (ii) has outstanding publicly held obligations that bear the highest rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligations.

(9) Asset-backed securities (whether considered debt or equity) provided they provided, when acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest rating by any nationally recognized rating service which rates the particular securities.

(10) Corporate bonds and notes provided they, when acquired, bear the highest rating, such as "AAA" or "Aaa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission, and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

SECTION 1.3. G.S. 147-69.2 reads as rewritten: "§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

(1) The Teachers' and State Employees' Retirement System of North Carolina.
(3) The State Health Plan for Teachers and State Employees.
(4) The General Assembly Medical and Hospital Care Plan.
(6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
(7) The North Carolina Local Governmental Employees' Retirement System.
(9) The Escheat Fund.
(10) The Legislative Retirement Fund.
(11) The State Education Assistance Authority.
(13) The Stock Workers' Compensation Fund.
(14) The Mutual Workers' Compensation Fund.
(15) The Public School Insurance Fund.
(16a) The University of North Carolina Hospitals at Chapel Hill funds, except appropriated funds, deposited with the State Treasurer pursuant to G.S. 116-37.2.

(17) Trust funds of The University of North Carolina and its constituent institutions deposited with the State Treasurer pursuant to G.S. 116-36.1.

(17a) North Carolina Veterans Home Trust Fund.

(17b) North Carolina National Guard Pension Fund.

(17c) Retiree Health Benefit Fund.

(17d) The Election Fund.

(17e) The North Carolina State Lottery Fund.

(17f) Funds deposited with the State Treasurer by public hospitals pursuant to G.S. 159-39(g).

(17g) Funds deposited with the State Treasurer by Local Government Other Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.

(17h) The Local Government Law Enforcement Special Separation Allowance Fund.


(17j) The Conservation Grant Fund.

(18) Any other special fund created by or pursuant to law for purposes other than meeting appropriations made pursuant to the Executive Budget Act.

(19) The Swain County Settlement Trust Fund.

(20) Institutional funds of the colleges of the North Carolina Community College System.

(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds. The State Treasurer may invest the funds as provided in this subsection in the manner authorized by subsection (e) of this section. If an investment was authorized by this subsection at the time the investment was made or contractually committed to be made, then that investment shall continue to be authorized by this subsection, and none of the percentage or other limitation on investments set forth in this subsection shall be construed to require the State Treasurer to subsequently dispose of the investment or fail to honor any contractual commitments as a result of changes in market values, ratings, or other investment qualifications. For purposes of computing market values on which percentage limitations on investments in this subsection are based, all investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding anything in this section to the contrary, the State Treasurer shall categorize investment management arrangements according to the primary investment type or primary strategy utilized under the arrangement authorized under subsection (e) of this section. No investment management arrangement may be categorized in more than one of the subdivisions of this section.

(1) Investments authorized by G.S. 147-69.1(c)(1)-(7).

(2) General obligations of other states of the United States.

(3) General obligations of cities, counties and special districts in North Carolina.

(4) Obligations of any company, other organization or legal entity incorporated or otherwise created or located within or outside the United States, including obligations that are convertible into equity securities, if when acquired, the obligations bear one of the four highest ratings of at least one nationally recognized rating service when acquired and are within one of the four highest rating categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service designated by the U.S. Securities and Exchange Commission.

(6) Asset-backed securities (whether considered debt or equity) provided they bear ratings by equity), if, when acquired, the obligations are within one of the four highest ratings categories regardless of gradations, such as ratings beginning with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally recognized rating service as provided in G.S. 147-69.2(b)(4) service designated by the U.S. Securities and Exchange Commission.

(6a) In addition to the limitations and requirements with respect to the investments of the Retirement Systems set forth in this subsection, the State Treasurer shall select investments of the assets of the Retirement Systems such that investments made pursuant to subdivisions (b)(1) through (6) of this section shall at all times equal or exceed twenty percent (20%) of the market value of all invested assets of the Retirement Systems.

(6b) Investments pursuant to subdivisions (b)(1) through (6) of this section may be made directly by the State Treasurer, through investment companies registered under the Investment Company Act of 1940, individual, common, or collective trust funds of banks and trust companies, group trusts and limited partnerships, limited liability companies, or other limited liability investment vehicles that invest primarily in investments authorized by subdivisions (1) through (6) of this subsection, or through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements in investments authorized by subdivisions (b)(1) through (6) of this section, provided for each indirect investment, the investment manager has assets under management of at least one hundred million dollars ($100,000,000).

(6c) With respect to Retirement Systems' assets referred to in subdivision (b)(8), they may be invested, within or outside the United States, in obligations, debt securities, and asset-backed securities, whether considered debt or equity, including obligations and securities convertible into other securities, that do not meet the requirements of any of subdivisions (b)(1) through (6) of this section nor subdivision (b)(7) of this section, provided such investments are made through investment companies registered under the Investment Company Act of 1940, individual, common, or collective trust funds of banks and trust companies, group trusts and limited partnerships, limited liability companies, or other limited liability investment vehicles that invest primarily in investments authorized by this subdivision and through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements in investments authorized by this subdivision, provided the investment manager for each investment pursuant to this subdivision has assets under management of at least one hundred million dollars ($100,000,000) and provided that the investments authorized section. The amount invested under this subdivision shall not exceed seven and one-half percent (7.5%) of the market value of all invested assets of the Retirement Systems.

(7) With respect to Retirement Systems' assets referred to in subdivision (8) of this subsection, (i) insurance contracts that provide for participation in individual or pooled separate accounts of insurance companies, (ii) group trusts, (iii) individual, common, or collective trust funds of banks and trust companies, (iv) real estate investment trusts, (v) investment companies registered under the Investment Company Act of 1940, (vi) limited partnerships, limited liability companies, or other limited liability investment vehicles, and (vii) contractual arrangements in which the investment
manager has discretion and authority to invest assets specified in such arrangements in investments authorized by this subsection; provided the investment manager has assets under management of at least one hundred million dollars ($100,000,000); provided such investment assets are subsection may be invested in strategies managed primarily for the purpose of investing in or owning real estate or related debt financing, excluding asset-backed financing, financing and timberlands, located within or outside the United States; and provided that the investments authorized by States. The amount invested under this subdivision shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems.

With respect to assets of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, the Registers of Deeds' Supplemental Pension Fund, and the Retiree Health Benefit Fund (hereinafter referred to collectively as the Retirement Systems), and assets invested pursuant to subdivision (b2) of this section, they may be invested in a strategy composed primarily of equity securities traded on a public securities exchange or market organized and regulated pursuant to the laws of the jurisdiction of such exchange or market and issued by any company incorporated or otherwise created or located within or outside the United States; provided the investments meet the conditions of this subdivision. The investments authorized for the Retirement Systems under this subdivision cannot exceed sixty-five percent (65%) of the market value of all invested assets of the Retirement Systems.

The assets authorized under this subdivision may be invested directly by the State Treasurer in any equity securities authorized by this subdivision for the primary purpose of approximating the movements of a nationally recognized and published market benchmark index. No more than one and one-half percent (1.5%) of the market value of the Retirement Systems' assets that may be invested directly under this subdivision can be invested in the stock of a single corporation, and the total number of shares in that single corporation cannot exceed eight percent (8%) of the issued and outstanding stock of that corporation.

So long as each investment manager has assets under management of at least one hundred million dollars ($100,000,000), the assets authorized under this subdivision may also be invested through any of the following are subject to the following limitations:

a. Investment companies registered under the Investment Company Act of 1940; individual, common, or collective trust funds of banks and trust companies; and group trusts that invest primarily in investments authorized by this subdivision.

al. The aggregate amount of such investments cannot exceed sixty-five percent (65%) of the market value of all invested assets of the Retirement Systems.

b. Limited partnerships, limited liability companies, or other limited liability investment vehicles that are not publicly traded and invest primarily in investments authorized by this subdivision. Investments under this sub-subdivision The aggregate amount of the investment invested through investment companies described in sub-subdivision (e)(4)b. of this section shall not exceed eight and one-half percent (8.5%) of the market value of all invested assets of the Retirement Systems.
With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they may be invested in interests in limited partnerships, limited liability companies, or other limited liability investment vehicles that are not publicly traded if the primary purpose of the limited partnership, limited liability company, or other limited liability investment vehicle is (i) to invest in a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection. The amount invested under this subdivision shall not exceed eight and three-quarters percent (8.75%) of the market value of all invested assets of the Retirement Systems.

With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they may be invested in inflation-linked bonds, timberlands, commodities, obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the Treasurer for the primary purpose of providing protection against risks associated with inflation, provided such investments are made through investment companies registered under the Investment Company Act of 1940, individual, common or collective trust funds of banks and trust companies, group trusts and limited partnerships, limited liability companies, or other limited liability investment vehicles that invest primarily in investments authorized by this subdivision and through contractual arrangements in which the investment manager has full and complete discretion and authority to invest assets specified in such arrangements in investments authorized by this subdivision, provided the investment manager for each investment pursuant to this subdivision has assets under management of at least one hundred million dollars ($100,000,000) and provided that the investments authorized along with timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets. The amount invested under this subdivision shall not exceed seven and one-half percent (7.5%) of the market value of all invested assets of the Retirement Systems. Notwithstanding anything in this subsection to the contrary, the investments authorized by this subdivision shall not be included in any subdivision other than this subdivision for purposes of the percentage investment limitations therein or otherwise.

Recodified as part of subdivision (b)(9) by Session Laws 2000-160, s. 2.

With respect to Retirement Systems' assets, as defined in subdivision (8) of this subsection, the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems; and the aggregate market value of all assets invested pursuant to subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) of this subsection shall not exceed thirty-five percent (35%) of the market value of all invested assets of
the Retirement Systems. The quarterly report provided by the Treasurer pursuant to G.S. 147-68(d1) shall include a specific listing of all direct and indirect placement fees, asset fees, performance fees, and any other money management fees incurred by the State in the management of subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) of this subsection. In the event that the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection increases during a fiscal year by an amount greater than three percent (3%) of the market value of all invested assets of the Retirement Systems as of the prior fiscal year end, then the quarterly report provided by the Treasurer pursuant to G.S. 147-68(d1) shall describe how that increase complies with the duties described in G.S. 147-69.7 and the consequent expected impact on the risk profile of the Retirement Systems’ assets.

(11) Repealed by Session Laws 2013-360, s. 6.3(c), effective July 1, 2013.

(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions apply:

a. With respect to assets of the Escheat Fund, in addition to those investments authorized by subdivisions (1) through (6) of this subsection, up to ten percent (10%) of such assets may be invested in the investments authorized under subdivisions (6c) through (9a) of this subsection, notwithstanding the percentage limitations imposed on the Retirement Systems’ investments under those subdivisions, and provided that the State Treasurer may invest the assets as provided in subsection (e) of this section.

b. The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation of the actuary or consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount available for the funding of scholarships, loans, and grants from the Fund. The annual report shall be presented no later than December 31 of each year.

c. The State Treasurer shall invest, in addition to those investments authorized by subdivision (12) of this subsection, ten percent (10%) of the net assets of the Escheat Fund as authorized under G.S. 147-69.2A.

(b1) With respect to investments authorized by subdivisions (b)(7), (b)(8), and (b)(9) of this section, the State Treasurer shall appoint an Investment Advisory Committee, which shall consist of seven members: the State Treasurer, who shall be chairman ex officio; two members selected from among the members of the boards of trustees of the Retirement Systems; and four members selected from the general public. All appointed members must have experience in areas relevant to the administration of a large, diversified investment program, including, but not limited to, investment management, securities law, real
estate development, or absolute return strategies. The State Treasurer shall also appoint a Secretary of the Investment Advisory Committee who need not be a member of the committee. Members of the committee shall receive for their services the same per diem and allowances granted to members of the State boards and commissions generally. The committee shall have advisory powers only and membership shall not be deemed a public office within the meaning of Article VI, Section 9 of the Constitution of North Carolina or G.S. 128-1.1.

(b2) The State Treasurer may invest funds deposited pursuant to subdivision (a)(17f) of this section in any of the investments authorized under subdivisions (b)(1) through (6), subdivision (b)(6c), and subdivision (b)(8) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars ($100,000), and may assess reasonable fees, not to exceed 15 basis points per annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to this subsection by a hospital shall remain the funds of that hospital, and interest or other investment income earned thereon shall be prorated and credited to the contributing hospital on the basis of the amounts thereof contributed, figured according to sound accounting principles. Fees assessed by the State Treasurer may be used to defray the cost of administering investments pursuant to this subsection.

(b3) The State Treasurer may invest funds deposited pursuant to subdivision (a)(16a) of this section in any of the investments authorized under subdivisions (1) through (6), subdivision (6c) and subdivision (b)(8) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars ($100,000), and may assess reasonable fees, not to exceed 15 basis points per annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to this subsection by the University of North Carolina Hospitals at Chapel Hill shall remain the funds of the University of North Carolina Hospitals at Chapel Hill, and interest or other investment income earned thereon shall be prorated and credited to the University of North Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed, figured according to sound accounting principles. Fees assessed by the State Treasurer may be used to defray the cost of administering investments pursuant to this subsection.

(b4) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the State Treasurer may invest funds deposited pursuant to subdivision (17g) of subdivision (a) of this section in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein. Funds deposited pursuant to this subsection by a Local Government Other Post-Employment Benefits Trust and interest or other investment income earned from those funds shall be prorated and credited to the contributing trust on the basis of the amounts contributed, figured according to sound accounting principles. For investments under subdivisions (b)(6c) and (b)(8) of this section, the State Treasurer may require a minimum deposit of up to one hundred thousand dollars ($100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the Fund and expenditures authorized under this section.

(b5) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the State Treasurer may invest funds deposited in the Local Government Law Enforcement Special Separation Allowance Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein. For investments from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the State Treasurer may require a minimum deposit of up to one hundred thousand dollars ($100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of making the investment. The fee may
be used to defray the costs of administering the Fund and expenditures authorized under this section.

(c) Repealed by Session Laws 1995, c. 501, s. 2.

(d) The State Treasurer may invest funds deposited pursuant to subdivisions (a)(17i) or (a)(17j) of this section in any of the investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b) of this section. The State Treasurer may require a minimum deposit, up to one hundred thousand dollars ($100,000), and may assess a reasonable fee, not to exceed 15 basis points, as a condition of participation pursuant to this subsection. Fees assessed by the State Treasurer may be used to defray the costs of administering the funds and expenditures authorized under this section. Funds deposited pursuant to this subsection shall remain the funds of the North Carolina Conservation Easement Endowment Fund or the Conservation Grant Fund, as applicable, and interest or other investment income earned thereon shall be prorated and credited to the North Carolina Conservation Easement Endowment Fund or the Conservation Grant Fund on the basis of the amounts contributed to the respective Funds, figured according to sound accounting principles.

(e) Investments made pursuant to this section may be made as internally managed investments by the State Treasurer or may be made through third-party investment management arrangements, under the following conditions:

(1) Internally managed portfolios shall be subject to industry standard portfolio guidelines developed with periodic consultation by the Investment Advisory Committee.

(2) In assessing whether to invest directly or to utilize indirect third-party investment management arrangements, the State Treasurer shall consider all material factors he or she considers relevant to the decision consistent with the Treasurer's fiduciary duties under G.S. 147-69.7, including financial, operational, and investment expertise and resources, alignment of interests and investor protections, transparency and repeatability of investment process, risk controls, and cost-effectiveness.

(3) For any third-party investment management arrangements, the investment manager must have total assets under management of at least one hundred million dollars ($100,000,000) at the inception of the investment management arrangement with the State Treasurer.

(4) Third-party investment management arrangements may be with persons and legal entities located within or outside the United States, including through any of the following:
   a. Contractual arrangements in which the investment manager has delegated discretion and authority to invest assets.
   b. Investment companies as defined under United States generally accepted accounting principles as promulgated by the Financial Accounting Standards Board, including without limitation entities registered under the Investment Company Act of 1940; individual, common, or collective trust funds of banks and trust companies; limited partnerships; limited liability companies or other limited liability investment vehicles; and insurance contracts that provide for participation in individual or pooled separate accounts of insurance companies.
   Any limited liability investment vehicles organized by the State Treasurer shall be deemed investment companies for the purposes of this subsection.

(5) Investment companies shall provide annual audited financial statements to the State Treasurer, unless the State Treasurer waives the requirement after conducting a cost-benefit analysis.
(6) In connection with any investment otherwise authorized under this section, the State Treasurer may enter into an indemnification agreement provided that, under any agreement, the liability of the State Treasurer will be limited to the amount of the State Treasurer's contractual investment."

SECTION 1.4.(a) G.S. 147-69.2A(a) reads as rewritten:
"§ 147-69.2A. Investments; special funds held by the State Treasurer.
(a) Firm to Administer Special Fund. – Following a public procurement process, a designee of the Governor, a designee of the State Treasurer, a designee of the Speaker of the House of Representatives, and a designee of the President Pro Tempore of the Senate shall jointly and unanimously select a third-party professional investment management firm, registered with the U.S. Securities and Exchange Commission, to administer the Fund, a special fund created to invest assets described in G.S. 147-69.2(b)(12)c. and select investment opportunities appropriate for receiving allocations from the Fund on the basis of potential return on investment and the risks attendant thereto. The State Treasurer shall assign professional and clerical staff to assist in the oversight of the Fund. All costs for the third-party investment management firm and the professional and clerical staff shall be borne by the Fund pursuant to G.S. 147-69.3(f). The State Treasurer shall discharge his or her duties with respect to the Fund as a fiduciary consistent with the provisions of applicable law, including, without limitation, G.S. 36E-3.G.S. 147-69.7."

SECTION 1.4.(b) G.S. 147-69.2A(d) reads as rewritten:
"(d) Report on Escheat Fund. – Valuation. Financial Status.  – The State Treasurer shall engage a third-party professional actuary or consultant to conduct a valuation assessment and projection of the financial status of the Escheat Fund. The associated costs for the services may be directly charged to the Escheat Fund. The State Treasurer shall communicate the valuation assessment of the consultant in an annual report to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the chairs of the respective appropriations and appropriate substantive committees of each chamber. The annual report shall evaluate claims by owners upon the Escheat Fund, current and projected investment returns, and projected contributions to the Escheat Fund, current and projected legislative appropriations, and authorized expenses. In the report, the State Treasurer shall assess the status of utilizing the Escheat Fund as an endowment fund and shall recommend an annual amount available for the funding of scholarships, loans, and grants from the Fund. The annual report shall be presented no later than December 31 of each year."

SECTION 1.5. G.S. 147-75 reads as rewritten:
"§ 147-75. Deputy to act for Treasurer.
The Treasurer may authorize a deputy to perform any duties pertaining to the office. The Treasurer may authorize a deputy to affix the Treasurer's signature to any check, warrant or any other instrument the Treasurer is required to sign by use of the facsimile signature machine or device during the Treasurer's absence or disability. The Treasurer shall be responsible for the conduct of his or her deputies."

SECTION 1.6. G.S. 147-78.1 reads as rewritten:
"§ 147-78.1. Good faith deposits; use of master trust.
Notwithstanding any other provision of law, the State Treasurer is authorized to select a bank or trust company as master trustee to hold cash or securities to be pledged to the State when deposited with the State Treasurer pursuant to statute or at the request of another State agency. Securities may be held by the master trustee in any form that, in fact, perfects the security interest of the State in the securities. The State Treasurer shall by rule or regulation contractually establish the manner in which the master trust shall operate. The master trustee may charge reasonable fees for services rendered to each person who deposits the cash or securities with the State."

PART II. UPDATES TO THE STATE TREASURER'S INVESTMENT PROGRAMS
SECTION 2.1. G.S. 147-69.3 reads as rewritten:
§ 147-69.3. Administration of State Treasurer’s investment programs.

(a) The State Treasurer shall establish, maintain, administer, manage, and operate within the Department of State Treasurer one or more investment programs for the deposit and investment of assets pursuant to the provisions of G.S. 147-69.1 and G.S. 147-69.2. Different Retirement Systems and other funds held by the State Treasurer may be invested collectively or separately in the State Treasurer’s discretion consistent with the fiduciary duties stated in G.S. 147-69.7.

(b) Any official, board, commission, other public authority, local government, school administrative unit, local ABC board, or community college of the State having custody of any funds not required by law to be deposited with and invested by the State Treasurer may deposit all or any portion of those funds with the State Treasurer for investment in one of the investment programs established pursuant to this section, subject to any provisions of law with respect to eligible investments, provided that any occupational licensing board as defined in G.S. 93B-1 may participate in one of the investment programs established pursuant to this section regardless of whether or not the funds were required by law to be deposited with and invested by the State Treasurer. In the absence of specific statutory provisions to the contrary, any of those funds may be invested in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Upon request from any depositor eligible under this subsection, the State Treasurer may authorize moneys invested pursuant to this subsection to be withdrawn by warrant on the State Treasurer.

(c) The State Treasurer’s investment programs shall be so managed that in the judgment of the State Treasurer funds may be readily converted into cash when needed.

(d) Except as provided by G.S. 147-69.1(d), the total return earned on investments shall accrue pro rata to the fund whose assets are invested according to the formula prescribed by the State Treasurer with the approval of the Governor and Council of State.

(e) The State Treasurer has full powers as a fiduciary to hold, purchase, sell, assign, transfer, lend and dispose of any of the securities or investments in which any of the programs created pursuant to this section have been invested, and may reinvest the proceeds from the sale of those securities or investments and any other investable assets of the program.

(f) The cost of administration, management, and operation of investment programs established pursuant to this section shall be apportioned equitably among the programs in such manner as may be prescribed by the State Treasurer, such costs to be paid from each program, and to the extent not otherwise chargeable directly to the income or assets of the specific investment program or pooled investment vehicle, shall be deposited with the State Treasurer as a General Fund nontax revenue. The cost of administration, management, and operation of investment programs established pursuant to this section and not directly paid from the income or assets of such program shall be covered by an appropriation to the State Treasurer for this purpose in the Current Operations Appropriations Act.

(g) The State Treasurer is authorized to retain the services of independent appraisers, auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs created pursuant to this section.

(h) The State Treasurer shall prepare, as of the end of each fiscal year, a report on the financial condition of each investment program created pursuant to this section. A copy of each report shall be submitted within 30 days following the end of the fiscal year to the official, institution, board, commission or other agency whose funds are invested, the State Auditor, and the chairs of the Finance Committees of the House of Representatives and the Senate.

(i) The State Treasurer shall report at least twice a year to the General Assembly, through the Finance Committees of the House of Representatives and the Senate, on the investment programs created under this section. The Treasurer shall present the reports to a joint meeting of the Finance Committees. The chairs of the Finance Committees may receive the reports and call the meetings. The Finance Committees may meet during the interim as
necessary to hear the reports from the State Treasurer. The State Treasurer's report and presentation to the Finance Committees shall include all of the following:

1. A full and complete statement of all moneys invested by virtue of the provisions of G.S. 147-69.1 and G.S. 147-69.2.
2. The nature and character of the investments.
3. The revenues derived from the investments.
4. The costs of administering, managing, and operating the investment programs, including the recapture of any investment commissions.
5. A statement of the investment policies for the revenues invested.
6. Any other information that may be helpful in understanding the State Treasurer's investment policies and investment results.
7. Any other information requested by the Finance Committees.

(i) The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each year.

(ii) In order to promote achievement of long-term investment objectives and to retain key public employees with investment functions, the State Treasurer is authorized to establish, consistent with the State Treasurer's fiduciary duties, market-oriented compensation plans, including salaries and performance-related bonuses, for employees possessing specialized skills or knowledge necessary for the proper administration of investment programs, who shall be exempt from the classification and compensation rules established by the Office of State Human Resources. The design and administration of those compensation plans shall be based on compensation studies conducted by a nationally recognized firm specializing in public fund investment compensation. The compensation and other associated employee benefits shall be apportioned directly from the investment program. The Treasurer shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government annually.

(j) Subject to the provisions of G.S. 147-69.1(d), the State Treasurer shall adopt any rules necessary to carry out the provisions of this section.

SECTION 2.2. G.S. 147-69.7 reads as rewritten:

"§ 147-69.7. Discharge of duties to Retirement Systems funds.

(a) The State Treasurer shall discharge his or her duties with respect to the Retirement Systems each fund or investment program held by the State Treasurer, including each of the funds, enumerated in G.S. 147-69.2(b)(8)G.S. 147-69.2 as follows:

1. Solely in the interest of the participants and beneficiaries, intended beneficiaries of the fund, if any.
2. For the exclusive purpose of carrying out the purpose of the fund, including providing benefits to participants and beneficiaries, and paying reasonable expenses of administering the Retirement Systems fund.
3. With the care, skill, and caution that a prudent investor would use after considering the purposes, distribution requirements, and other circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose then prevailing.
4. Impartially, taking into account any differing interests of participants and beneficiaries.
5. Incurring only costs that are appropriate and reasonable.
6. In accordance with a good-faith interpretation of the provisions of G.S. 147-69.2 and any other applicable law governing the Retirement Systems fund.

(b) In investing and managing assets of the Retirement Systems fund pursuant to subsection (a) of this section, the State Treasurer:

1. Shall consider the following circumstances:
a. General economic conditions.
b. The possible effect of inflation or deflation.
c. The role that each investment or course of action plays within the overall portfolio of the Retirement Systems fund.
d. The expected total return from income and the appreciation of capital.
e. Needs for liquidity, regularity of income, and preservation or appreciation of capital.
f. The adequacy of funding for the Retirement Systems based on reasonable actuarial factors.
g. The purpose of the fund, if established.

(2) Shall diversify the investments of the Retirement Systems fund unless the State Treasurer reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly prudent not to do so.

(3) Shall make a reasonable effort to verify facts relevant to the investment and management of assets of the Retirement Systems funds.

(4) May invest only in any kind of property or type of investment those investments authorized by law consistent with the provisions of Article 6 of Chapter 146 of the General Statutes.

(5) May consider benefits created by an investment in addition to investment return only if the State Treasurer determines that the investment providing these collateral benefits would be prudent even without collateral benefits.

(c) Compliance by the State Treasurer with this section must be determined in light of the facts and circumstances existing at the time of the Treasurer's decision or action and not by hindsight.

(d) The State Treasurer's investment and management decisions must be evaluated not in isolation but in the context of the portfolio of the Retirement Systems fund as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Retirement Systems fund.

(e) Notwithstanding any of the foregoing, the State Treasurer shall have no duty to assist or advise any official, board, commission, local government, other public authority, school administrative unit, local ABC board, community college of the State, or other person, trust, agency, institution, or entity in connection with any of the following decisions and directions with respect to any funds to be deposited with and invested by the State Treasurer:

(1) The voluntary decision to deposit or withdraw funds in accordance with applicable law in one or more of the State Treasurer's investment programs.

(2) The voluntary direction as to the allocation of deposited funds in accordance with applicable law among the State Treasurer's investment programs.

(3) Any other decision or direction by which the depositor exercises control over assets deposited or to be deposited with the State Treasurer in accordance with applicable law.

PART III. CODIFY KEY DEPARTMENT OF STATE TREASURER POLICIES

SECTION 3. Article 6 of Chapter 147 of the General Statutes is amended by adding new sections to read:

§ 147-69.9. Third-party audit of State Treasurer's investments.

(a) In addition to all other audits and reports required by the law, the State Treasurer shall prepare and issue, at the end of each fiscal year beginning with the 2015-2016 fiscal year, a set of consolidated stand-alone financial statements regarding investments authorized in G.S. 147-69.1 and G.S. 147-69.2. These financial statements shall be audited by a commercial
independent third-party audit firm selected and engaged by the State Treasurer. The audit firm's report and the financial statement shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representative Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within six months after the closing of the reporting period.

(b) The management discussion and analysis section of the report accompanying the financial statements shall include a discussion of the investment programs' risk and returns compared to benchmarks, total management fees and incentives paid, and comparison to peer cost benchmarks.

§ 147-69.10. Investment policies and performance reviews of Retirement Systems investment programs.

(a) On at least a biennial basis, the State Treasurer shall present an investment policy statement to the Investment Advisory Committee for the Committee's consultation. The investment policy statement must include descriptions of investment objectives and strategy, roles and responsibilities, permissible asset classes, asset allocation targets and ranges, risk management and compliance guidelines, and evaluation criteria necessary to measure investment performance.

(b) At least once every four years, the State Treasurer shall engage a commercial independent expert firm, pursuant to G.S. 147-69.3(g), to evaluate the governance, operations, and investment practices of the State Treasurer in order to develop recommendations for improvement. The State Treasurer must consult with the Investment Advisory Committee to develop the scope of the evaluation. The report of the independent expert firm shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within 30 days of receipt.

§ 147-69.11. Ethics policies.

(a) To ensure that the State Treasurer's investment programs operate under a strong governance framework with rigorous internal controls and a high degree of operational transparency and are managed with the highest ethical and professional standards and in the most efficient and effective manner possible, the State Treasurer, after consultation with the Investment Advisory Committee, is authorized and required to adopt policies and procedures on the following topics:

(1) Requiring that the Department of State Treasurer's Investment Management Division adopt a code of ethics.

(2) Requiring all employees of the Department who have responsibility for matters related to investments to be provided with training with respect to the discharge of their duties and responsibilities to the funds.

(3) Governing gifts to employees of the Department who have responsibility for matters related to investments.

(4) Imposing limitations on external investment managers' use of placement agents and other persons that appear before the Department to ensure that these persons play only a proper role in investment opportunities.

(5) As a component of the investment due diligence, negotiations, and contracting process, requiring an independent assessment of whether circumstances exist that create a material risk that professional judgement or actions regarding a potential investment arrangement's recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest.”

PART IV. REQUIRE DETAILED FEE AND PERFORMANCE REPORTING BY STATE TREASURER; CONSOLIDATE STATUTORY REPORTING REQUIREMENTS
SECTION 4.1(a)  Article 6 of Chapter 147 of the General Statutes is amended by adding a new section to read:

"§ 147-69.12.  Reporting on the State Treasurer's investment programs.

(a)  No later than the tenth day of February, May, August, and November of each year, the State Treasurer shall report on all investments for which the State Treasurer is in any way responsible. The State Treasurer's quarterly report shall include each of the following:

(1) A specific listing of all direct and indirect placement fees, asset fees, performance fees, and any other money management fees incurred by the State in the management of the Retirement Systems defined in G.S. 147-69.2(b)(8). In the event that the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of G.S. 147-69.2 increases during a fiscal year by an amount greater than three percent (3%) of the market value of all invested assets of the Retirement Systems as of the prior fiscal year end, then the quarterly report provided shall describe how that increase complies with the duties described in G.S. 147-69.7 and the consequent expected impact on the risk profile of the Retirement Systems' assets.

(2) A specific listing of all investments made with certified green managers and companies and funds that support sustainable practices, including the names of the companies, managers, and funds, the amount invested, and the State's return on investment.

(3) For bank balances:
   a. The State's total bank balance with the State Treasurer, including the amount of cash on hand and money on deposit.
   b. For each bank or other qualified depository utilized by the State Treasurer to hold cash balances, (i) the name of each depository and (ii) current quarter-end cash balances.

(4) For the State Treasurer's cash management programs:
   a. Total assets.
   b. Duration of investments.
   c. Rate of return, including a comparison to an appropriate benchmark, if available.

(5) For the Retirement Systems, as defined in G.S. 147-69.2(b)(8), reported separately for each asset class authorized by G.S. 147-69.2(b):
   a. Total assets.
   b. Rate of return, including a comparison to an appropriate benchmark, if available.
   c. Percentage of the total assets that are invested in the asset class and the limitation, if any, on the percentage under G.S. 147-69.2(b).

(6) For each investment program created under G.S. 147-69.3:
   a. The financial condition of each investment program.
   b. A full and complete statement of all moneys invested by virtue of the provisions of G.S. 147-69.1 and G.S. 147-69.2.
   c. The nature and character of the investments.
   d. The revenues derived from the investments, net of fees and expenses.
   e. The costs of administering, managing, and operating the investment programs, including the recapture of any investment commissions.
   f. The location on the State Treasurer's Web site where the public may find a statement of the investment policies for the revenues invested.
   g. Any other information that may be helpful in understanding the State Treasurer's investment policies, investment practices, and investment results.
(7) For all other investments with or on behalf of the State or any of its agencies or institutions:
   a. The particular agency or institution, fund, rate of return, and duration of the investment.
   b. The amount of deposit on all noninterest bearing accounts.

(b) No later than the date set by G.S. 147-69.9 for the submission of consolidated stand-alone financial statements, the State Treasurer shall report annually on the fees and performance of all externally and internally managed investments for the Retirement Systems defined in G.S. 147-69.2(b)(8). Externally managed investments shall be reported on the basis of each investment vehicle or investment manager, as applicable. Internally managed investments shall be reported on a portfolio-by-portfolio basis. The State Treasurer's annual report shall include all of the following, as applicable, reported separately for each investment:

   (1) The name, commitment amount, statutory classification, and inception year.
   (2) Either a statement that the investment is managed internally by the staff of the State Treasurer or the names of the external investment manager and the investment vehicle for that investment.
   (3) Value of the investment.
   (4) Dollar amount of the management fees and incentive fees.
   (5) For investment-grade fixed income or public equity investments, the periodic net annualized time-weighted rate of return for that fiscal year and since inception, reported net of fees.
   (6) For all investments other than investment-grade fixed income or public equity investments, all of the following:
      a. The net annualized internal rate of return and investment multiple since inception, reported net of fees.
      b. The total cash contributions or other investments made by the State Treasurer.
      c. The total distribution received by the State Treasurer with respect to that investment since inception, reported net of fees.
   (7) For any fund of funds investment vehicles, the aggregate management fees and incentive fees for the underlying investment managers or investment vehicles used by the external investment manager.
   (8) If any placement agent fees relating to the investment were directly or indirectly borne by the State Treasurer or Retirement Systems, a list of the amount and type of those fees.

(c) Reserved.

(d) The reports required by this section shall be delivered to the Joint Legislative Commission on Government Operations, chairs of the House of Representatives and Senate Appropriations Committees, chairs of the House of Representative and Senate Finance Committees, Fiscal Research Division, Governor, Council of State, and State Auditor. The reports shall also be made available for public review, including by posting on the State Treasurer's Web site.

A copy of a report on any State Treasurer investment program shall be sent to the official, institution, board, commission, or other agency investing in that program.

(e) On or before December 31, 2016, the State Treasurer shall adopt rules to implement the provisions of this section, including rules to define the terms used in this section."
SECTION 4.1.(b) G.S. 147-68(d) is recodified as G.S. 147-69.12(c).
SECTION 4.1.(c) G.S. 147-69.1(e) is repealed.
SECTION 4.1.(d) G.S. 147-68(d1) is repealed.
SECTION 4.2. G.S. 147-69.8 reads as rewritten:

Whenever the General Assembly broadens the investment authority of the State Treasurer as to the General Fund, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, or any idle funds, the State Treasurer shall annually report in detail to the General Assembly the investments made under such new authority, including the returns on those investments, earnings, changes to value, and gains and losses in disposition of such investments. The report shall be made during no later than the first six months of each calendar year, covering performance in the prior calendar fiscal year. As to each type of new investment authority, the report shall be made for at least four years. To the extent the information required by this section is also required in the reports under G.S. 147-69.12, the State Treasurer may combine reports or make cross-reference to those reports."

SECTION 4.3. G.S. 147-69.2A(b) reads as rewritten:

"(b) Organization and Reporting. – All documents of the Governor or the State Treasurer concerning the Fund are public records governed by Chapter 132 of the General Statutes and any applicable provisions of the General Statutes protecting confidential information.

The State Treasurer and the Governor shall jointly develop and adopt an investment policy statement for the Fund.

The State Treasurer and Governor shall jointly adopt a common policy to prevent conflicts of interests such that (i) the designees of the State Treasurer and Governor who selected the third-party investment management firm, (ii) the staff of the State Treasurer overseeing the Fund, and (iii) the third-party investment management firm's employees selecting or overseeing Fund investments do not provide services for compensation (as an employee, consultant, or otherwise), within two years after the end of their service to the Fund, to any entity in which an investment from the Fund was made.

By October 1, 2015, and at least semiannually thereafter, the State Treasurer shall submit a report to the Governor, the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division on investments made from the Fund and any return on investment. This report shall be made for the Fund in lieu of the reports required by G.S. 147-69.1(e), 147-69.2(b)(10a), 147-69.3(h), 147-69.3(t), and 147-69.8. G.S. 147-69.8 and G.S. 147-69.12(b)."

SECTION 4.4. Sections 4.1, 4.2, 4.3, and 4.4 of this act become effective July 1, 2016, and apply to all reporting periods beginning on or after that date.

PART V. EFFECTIVE DATE

SECTION 5. Section 5 of this act is effective when it becomes law. Except as otherwise provided, the remainder of this act becomes effective January 31, 2017.

In the General Assembly read three times and ratified this the 21st day of June, 2016.

Session Law 2016-56

H.B. 1011

AN ACT TO ENACT THE RETIREMENT TECHNICAL CORRECTIONS ACT OF 2016.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-86-45 reads as rewritten:

(a) Repealed by Session Laws 2013-284, s. 1(a), effective July 1, 2013.

(a1) Any firefighter or rescue squad worker who is 35 years of age or older and who is a current or former member of a fire department or rescue squad chartered by the State of North Carolina may purchase credit for any periods of service to any chartered fire department or rescue squad not otherwise creditable by making a lump sum payment to the Annuity Savings Fund equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the system's liabilities, which payment shall take into account the retirement allowance arising on account of the additional service credit commencing at the earliest age at which the member could retire on a retirement allowance, as determined by the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be set by the board of trustees. This provision for the payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable.

(b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply to the board of trustees for membership in the fund at any time. Upon becoming a member, the worker may make a lump sum payment of ten dollars ($10.00) per month retroactively to the time the worker first became eligible to become a member, plus interest at an annual rate to be set by the board upon advice from actuary for each year of retroactive payments. Upon making this lump sum payment, the worker shall be given credit for all prior service in the same manner as if the worker had applied for membership upon first becoming eligible.

(c) A member of the Pension Fund who is not yet 35 years old may receive credit for the prior service upon making a lump sum payment of ten dollars ($10.00) for each month since the worker first became eligible, plus interest at an annual rate to be set by the board for each year of retroactive payments. Upon making this lump sum payment, the date of membership shall be the same as if the worker had applied for membership upon first becoming eligible. This provision for the payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue squad worker who is not yet 35 years of age or older and who is a current or former member of a fire department or rescue squad chartered by the State of North Carolina.

SECTION 2. G.S. 128-25 is repealed.

SECTION 3. G.S. 128-26(a1) reads as rewritten:

"(a1) With respect to a member retiring on or after July 1, 1967, the governing board of a participating unit may allow credit for any period of military service in the Armed Forces of the United States if the person returned to the service of the person's employer within two years after having been honorably, not dishonorably discharged, or becoming entitled to be discharged, released, or separated from such the Armed Forces of the United States; provided that, notwithstanding the above provisions, any member having credit for not less than 10 years of otherwise creditable service may be allowed credit for such military services which are not creditable in any other governmental retirement system; provided further, that a member will receive credit for military service under the provisions of this paragraph only if the member submits satisfactory evidence of the military service claimed and the participating unit of which the member is an employee agrees to grant credit for such military service prior to January 1, 1972.

A member retiring on or after July 1, 1971, who is not granted credit for military service under the provisions of the preceding paragraph will be allowed credit for any period of qualifying service in the Armed Forces of the United States, as defined for purposes of reemployment rights under federal law, provided that the member was an employee as defined in G.S. 128-21(10) at the time the member entered military service, and either (i) the returning member is in service, with the employer by whom the member was employed when the
member entered military service, for a period of not less than 10 years after the member is separated or released from that military service under other than dishonorable conditions or (ii) the following conditions are met, in the conjunctive:

(1) The member did not, prior to leaving for military service, provide clear written notice of an intent not to return to work after military service.

(2) The member was discharged from uniformed service and returned from the leave of absence for uniformed service to membership service in this system within the time limit mandated by federal law for reporting back to work.

(3) The period of uniformed service, for which additional service credit is sought, has been verified by suitable documentation and is not eligible for receipt of benefits under any other retirement system or pension plan.

(4) All service credit forfeited by a refund pursuant to the provisions of G.S. 128-27(f) has been purchased.

The uniformed service credit allowed under this subsection shall be limited to a maximum of five years unless otherwise specifically exempted from that duration limitation by federal law. The salary or compensation of such an employee during the period of qualifying military service shall be deemed to be that salary or compensation the employee would have received but for the period of service had the employee remained continuously employed, if the determination of that salary or compensation is reasonably certain. If the determination of the salary or compensation is not reasonably certain, then it shall be deemed to be that employee's average rate of compensation during the 12-month period immediately preceding the period of service.

Pursuant to 38 U.S.C. § 4318(b)(1), when a member who has been on military leave returns to work consistent with the provisions of this subsection concerning return to service within two years after the member's earliest eligibility for separation or release from military service, then the member's employer must remit to the System all the employer and employee contributions for the full period of that member's military service."

SECTION 4.(a) G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his/her first retirement check has been cashed, any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or he/she may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the options set forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until his/her first retirement check has been cashed. Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in
effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the 25th day of the month following the month in which the first check is mailed, whichever comes first.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.

Upon the death of a member after the effective date of a retirement for which the member has been approved but prior to the receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's designated beneficiary for a return of accumulated contributions may elect to receive the benefit, if only one beneficiary is eligible to receive the return of accumulated contributions. If more than one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary has been designated, the administrator or executor of the member's estate will select an option and name the beneficiary or beneficiaries."

SECTION 4.(b) G.S. 128-27(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or if the member's first retirement check has been cashed, any member may elect to receive his or her benefits in a retirement allowance payable throughout life, or if the member may elect to receive the actuarial equivalent of such retirement allowance, including any special retirement allowance, in a reduced allowance payable throughout life under the provisions of one of the Options set forth below. The election of Option 2, 3, or 6 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or if the member's first retirement check has been cashed. Provided, however, in the event a member has elected Option 2, 3, or 5 and nominated his or her spouse to receive a retirement allowance upon the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the member's death, and the spouse predeceases the member after the first payment becomes normally due or the first retirement check has been cashed, if the member remarries he or she may request to nominate a new spouse to receive the retirement allowance under the previously elected option, within 90 days of the remarriage, and may nominate a new spouse to receive the retirement allowance under the previously elected option by written designation duly acknowledged and filed with the Board of Trustees within 120 days of the remarriage. The new nomination shall be effective on the first day of the month in which it is made and shall provide for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new nomination. Any member having elected Option 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option. Except as provided in this section, the member may not change the member's retirement benefit option or the member's designated beneficiary for survivor benefits, if any, after the member has cashed the first retirement check or after the 25th day of the month following the month in which the first check is mailed, whichever comes first.

Upon the death of a member after the effective date of a retirement for which the member has been approved and following receipt by the Board of Trustees of an election of benefits
(Form 6-E or Form 7-E) but prior to the cashing of the first benefit check, the retirement benefit shall be payable as provided by the member's election of benefits under this subsection.

Upon the death of a member after the effective date of a retirement for which the member has been approved but prior to the receipt by the Board of Trustees of an election of benefits (Form 6-E or Form 7-E), properly acknowledged and filed by the member, the member's designated beneficiary for a return of accumulated contributions may elect to receive the benefit, if only one beneficiary is eligible to receive the return of accumulated contributions. If more than one beneficiary is eligible to receive the return of accumulated contributions, or if no beneficiary has been designated, the administrator or executor of the member's estate will select an option and name the beneficiary or beneficiaries."

SECTION 5.(a) G.S. 135-5(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance.

A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to this Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (iv) an individual retirement account or annuity described in section 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a) of the Internal Revenue Code.

Notwithstanding anything to the contrary, a member may not transfer such amounts as will cause the member's retirement allowance under the System to exceed the amount allowable under G.S. 135-18.7(b). The Board of Trustees may establish a minimum amount that must be transferred if a transfer is elected. The member may elect a special retirement allowance with no postretirement increases or a special retirement allowance with annual postretirement increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any other allowance will not apply to the special retirement allowance. The Board of Trustees shall provide educational materials to the members who apply for the transfer authorized by this section. Those materials shall describe the special retirement allowance and shall explain the relationship between the transferred balance and the monthly benefit and how the member's heirs may be impacted by the election to make this transfer and any costs and fees involved.

For the purpose of determining the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality and such other tables as may be necessary based upon actual experience. A single set of mortality and such other tables will be used for all members, with factors differing only based on the age of the member and the election of postretirement increases. The Board of Trustees shall modify the mortality and such other tables every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 135-6(n). Provided, however, a member who transfers the member's eligible accumulated contributions from an eligible
retirement plan pursuant to this subsection to this Retirement System shall be taxed for North Carolina State Income Tax purposes on the special retirement allowance the same as if that special retirement allowance had been paid directly by the eligible plan or the plan through which the transfer was made, whichever is most favorable to the member. The Teachers' and State Employees' Retirement System shall be responsible to determine the taxable amount, if any, and report accordingly.

The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a one-time flat administrative fee not to exceed the actual cost of the administrative expenses relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer of accumulated contributions authorized under this subsection. This provision shall not prohibit other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall fully disclose to any member participating in a transfer under this subsection any surrender charges or other fees, and such disclosure shall be made contemporaneous with the initiation of the transfer by the member.

The special retirement allowance shall continue for the life of the member and the beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in G.S. 135-5(g), if any. The Board of Trustees, however, shall establish two payment options that guarantee payments as follows:

1. A member may elect to receive the special retirement allowance for life but with payments guaranteed for a number of months to be specified by the Board of Trustees. Under this plan, if the member dies before the expiration of the specified number of months, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary will receive the benefit only for the remainder of the specified number of months. If the member's designated beneficiary dies before receiving payments for the specified number of months, any remaining payments will be paid to the member's estate.

2. A member may elect to receive the special retirement allowance for life but is guaranteed that the sum of the special allowance payments will equal the total of the transferred amount. Under this payment option, if the member dies before receiving the total transferred amount, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary or the member's estate shall be paid any remaining balance of the transferred amount.

The Board of Trustees shall report annually to the Joint Legislative Commission on Governmental Operations on the number of persons who made an election in the previous calendar year, with any recommendations it might make on amendment or repeal based on any identified problems.

The General Assembly reserves the right to repeal or amend this subsection, but such repeal or amendment shall not affect any person who has already made the one-time election provided in this subsection."

SECTION 5.(b) G.S. 128-27(m2) reads as rewritten:

"(m2) Special Retirement Allowance. – At any time coincident with or following retirement, a member may make a one-time, irrevocable election to transfer any portion of the member's eligible accumulated contributions, not including any Roth after-tax contributions and the earnings thereon, from the Supplemental Retirement Income Plan of North Carolina or the North Carolina Public Employee Deferred Compensation Plan to this Retirement System and receive, in addition to the member's basic service, early or disability retirement allowance, a special retirement allowance which shall be based upon the member's transferred balance."
A member who became a member of the Supplemental Retirement Income Plan prior to retirement and who remains a member of the Supplemental Retirement Income Plan may make a one-time, irrevocable election to transfer eligible balances, not including any Roth after-tax contributions and the earnings thereon, from any of the following plans to the Supplemental Retirement Income Plan, subject to the applicable requirements of the Supplemental Retirement Income Plan, and then through the Supplemental Retirement Income Plan to the Retirement System: (i) a plan participating in the North Carolina Public School Teachers' and Professional Educators' Investment Plan; (ii) a plan described in section 403(b) of the Internal Revenue Code; (iii) a plan described in section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; (iv) an individual retirement account or annuity described in section 408(a) or section 408(b) of the Internal Revenue Code that is eligible to be rolled over and would otherwise be includible in gross income; or (v) a tax-qualified plan described in section 401(a) or section 403(a) of the Internal Revenue Code.

Notwithstanding anything to the contrary, a member may not transfer such amounts as will cause the member's retirement allowance under the System to exceed the amount allowable under G.S. 128-38.2(b). The Board of Trustees may establish a minimum amount that must be transferred if a transfer is elected. The member may elect a special retirement allowance with no postretirement increases or a special retirement allowance with annual postretirement increases equal to the annual increase in the U.S. Consumer Price Index. Postretirement increases on any other allowance will not apply to the special retirement allowance. The Board of Trustees shall provide educational materials to the members who apply for the transfer authorized by this section. Those materials shall describe the special retirement allowance and shall explain the relationship between the transferred balance and the monthly benefit and how the member's heirs may be impacted by the election to make this transfer and any costs and fees involved.

For the purpose of determining the special retirement allowance, the Board of Trustees shall adopt straight life annuity factors on the basis of yields on U.S. Treasury Bonds and mortality and such other tables as may be necessary based upon actual experience. A single set of mortality and such other tables will be used for all members, with factors differing only based on the age of the member and the election of postretirement increases. The Board of Trustees shall modify the mortality and such other tables every five years, as shall be deemed necessary, based upon the five-year experience study as required by G.S. 128-28(o). Provided, however, a member who transfers the member's eligible accumulated contributions from an eligible retirement plan pursuant to this subsection to this Retirement System shall be taxed for North Carolina State Income Tax purposes on the special retirement allowance the same as if that special retirement allowance had been paid directly by the eligible plan or the plan through which the transfer was made, whichever is most favorable to the member. The Local Governmental Employees' Retirement System shall be responsible to determine the taxable amount, if any, and report accordingly.

The special retirement allowance shall continue for the life of the member and the beneficiary designated to receive a monthly survivorship benefit under Option 2, 3 or 6 as provided in G.S. 128-27(g), if any. The Board of Trustees, however, shall establish two payment options that guarantee payments as follows:

(1) A member may elect to receive the special retirement allowance for life but with payments guaranteed for a number of months to be specified by the Board of Trustees. Under this plan, if the member dies before the expiration of the specified number of months, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary will receive the benefit only for the remainder of the specified number of months. If the member's designated
beneficiary dies before receiving payments for the specified number of months, any remaining payments will be paid to the member's estate.

(2) A member may elect to receive the special retirement allowance for life but is guaranteed that the sum of the special allowance payments will equal the total of the transferred amount. Under this payment option, if the member dies before receiving the total transferred amount, the special retirement allowance will continue to be paid to the member's designated beneficiary for the life of the beneficiary, if Option 2, 3 or 6 is selected. If Option 2, 3 or 6 is not selected, the member's designated beneficiary or the member's estate shall be paid any remaining balance of the transferred amount.

The Supplemental Retirement Board of Trustees established under G.S. 135-96 may assess a one-time flat administrative fee not to exceed the actual cost of the administrative expenses relating to these transfers. An eligible plan shall not assess a fee specifically relating to a transfer of accumulated contributions authorized under this subsection. This provision shall not prohibit other fees that may be assessable under the plan. Each plan, contract, account, or annuity shall fully disclose to any member participating in a transfer under this subsection any surrender charges or other fees, and that disclosure shall be made contemporaneous with the initiation of the transfer by the member.

The Board of Trustees shall report annually to the Joint Legislative Commission on Governmental Operations on the number of persons who made an election in the previous calendar year, with any recommendations it might make on amendment or repeal based on any identified problems.

The General Assembly reserves the right to repeal or amend this subsection, but such repeal or amendment shall not affect any person who has already made the one-time election provided in this subsection.”

SECTION 6.(a) G.S. 135-8(b)(5) reads as rewritten:

"(5) The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer only for the sole purpose of acquiring knowledge, talents, or abilities and increasing the efficiency of service to the employer, subject to the provisions of this subdivision. A leave of absence or interrupted service may be approved for purchase under this subdivision for a period of employment as a teacher in a charter school. Any other leave of absence or interrupted service shall qualify for purchase under this subdivision only if (i) during the time of the leave or interrupted service the member is enrolled and participates in a full-time degree program at an accredited institution of higher education, (ii) the member is not paid for the activity in which he or she is acquiring knowledge, talents, or abilities, and (iii) the service is not purchased for any month in which the member performed any services for any of the organizations listed in G.S. 135-27(a) or G.S. 135-27(f), or a successor to any of those organizations. Approval by the Board under this subdivision shall be made prior to the purchase of the creditable service, is limited to a career total of six years for each member, and may be obtained in the following manner:

...."

SECTION 6.(b) G.S. 128-30(b)(4) reads as rewritten:

"(4) The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer for the sole purpose of acquiring knowledge, talents, or abilities and to increase the efficiency of service to the employer. This approval, subject to the provisions of this subdivision. A leave of absence or interrupted service may be approved for purchase under this subdivision for a period of employment as a teacher in a charter school. Any
other leave of absence or interrupted service shall qualify for purchase under this subdivision only if (i) during the time of the leave or interrupted service the member is enrolled and participates in a full-time degree program at an accredited institution of higher education, (ii) the member is not paid for the activity in which he or she is acquiring knowledge, talents, or abilities, and (iii) the service is not purchased for any month in which the member performed any services for any of the organizations listed in G.S. 135-27(a) or G.S. 135-27(f), or a successor to any of those organizations. Approval by the Board under this subdivision shall be made prior to the purchase of the creditable service, is limited to a career total of four years for each member, and may be obtained in the following manner:

"...

SECTION 7.(a) G.S. 135-8(f) reads as rewritten:

"(f) Collection of Contributions. –

(2) The collection of employers' contributions shall be made as follows:

f. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 135-4(jj), for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015.

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable.

(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees, and provided that a one-time exception has not been agreed upon in advance due to exigent circumstances, the Board shall assess the employer with a penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars ($25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer other than the State shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be made to such employer from any
funds of the State shall be withheld from such employer until notice from the Board to the State Treasurer that such employer is no longer in default.

"...

SECTION 7.(b) G.S. 128-30(g) reads as rewritten:

"(g) Collection of Contributions. –

(2) The collections of employers' contributions shall be made as follows:

a. Upon the basis of each actuarial valuation provided herein the Board of Trustees shall annually prepare and certify to each employer a statement of the total amount necessary for the ensuing fiscal year to the pension accumulation fund as provided under subsection (d) of this section. Such employer contributions shall be transmitted to the secretary-treasurer of the Board of Trustees together with the employee deductions as provided under sub-subdivision b. of subdivision (1) of this subsection.

b. Each employer shall transmit to the Retirement System on account of each member who retires on or after January 1, 2015, having earned his or her last month of membership service as an employee of that employer the lump sum payment, as calculated under G.S. 128-26(y), for inclusion in the Pension Accumulation Fund, that would have been necessary in order for the retirement system to restore the member's retirement allowance to the pre-cap amount. Employers are not required to make contributions on account of any retiree who became a member on or after January 1, 2015, and who earned at least five years of membership service in the Retirement System after January 1, 2015.

Under such rules as the Board of Trustees shall adopt, the Retirement System shall report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months, if applicable.

(3) In the event the employee or employer contributions required under this section are not received by the date set by the Board of Trustees and provided that a one-time exception has not been agreed upon in advance due to exigent circumstances, the Board shall assess the employer with a penalty, in lieu of interest, of 1% per month with a minimum penalty of twenty-five dollars ($25.00). The Board may waive one penalty per employer every five years if the Board finds that the employer has consistently demonstrated good-faith efforts to comply with the set deadline. If within 90 days after request therefor by the Board any employer shall not have provided the System with the records and other information required hereunder or if the full accrued amount of the contributions provided for under this section due from members employed by an employer or from an employer shall not have been received by the System from the chief fiscal officer of such employer within 30 days after the last due date as herein provided, then, notwithstanding anything herein or in the provisions of any other law to the contrary, upon notification by the Board to the State Treasurer as to the default of such employer as herein provided, any distributions which might otherwise be made to such employer, or the municipality or county of which such employer is an integral part, from any funds of the State or any funds collected by the State shall be withheld from
such employer until notice from the Board to the State Treasurer that such employer is no longer in default.

In the event that an employer fails to submit payment of any required contributions or payments to the Retirement Systems Division, other than the one percent (1%) payment provided for in the first paragraph of this subdivision, within 90 days after the date set by the Board of Trustees, the Board shall notify the State Treasurer of its intent to collect the delinquent contributions and other payments due to the Retirement Systems Division and request an interception of State appropriations due to the participating employer. Upon such notification by the Board of Trustees to the State Treasurer and the Office of State Budget and Management as to the default of the employer, the Office of State Budget and Management shall withhold from any State appropriation due to that employer an amount equal to the sum of all delinquent contributions and other debts due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

"...

SECTION 8. G.S. 135-48.40(d)(13) reads as rewritten:
"(13) The following persons, their eligible spouses, and eligible dependent children, provided that the person seeking coverage as a subscriber (i) is not eligible for another comprehensive group health benefit plan and (ii) has been without coverage under a comprehensive group health benefit plan for at least six consecutive months:
...

c. Persons receiving a pension from the North Carolina FiremenFirefighters' and Rescue Squad Workers' Pension Fund.
...

SECTION 9.(a) G.S. 147-86.71(b)(3) reads as rewritten:
"(3) Contributions to an account shall be made only in cash. U.S. Dollars."

SECTION 9.(b) G.S. 147-86.72(c)(3) reads as rewritten:
"(3) RetainNotwithstanding the provisions of Article 3 of Chapter 143 of the General Statutes, retain the services of auditors, attorneys, investment counseling firms, custodians, or other persons or firms possessing specialized skills or knowledge necessary for the proper administration of investment programs that the Board administers pursuant to this Article."

SECTION 9.(c) G.S. 147-86.70(b)(4) is repealed.
SECTION 9.(d) G.S. 147-86.71(d)(4) is repealed.

SECTION 10. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 11. Sections 3 and 6 of this act become effective January 1, 2017. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of June, 2016.

Session Law 2016-57

AN ACT TO PROVIDE ACCURATE AND COMPLETE DATA TO STUDENTS ON POSTSECONDARY STUDENT COMPLETION, GRADUATION, AND EARNINGS OUTCOMES AT NORTH CAROLINA POSTSECONDARY INSTITUTIONS AND TO PROVIDE FOR A COORDINATED AND CENTRALIZED RESIDENCY DETERMINATION PROCESS.
The General Assembly of North Carolina enacts:

SECTION 1. Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-209.16A. Information on career and major options.
(a) Know Before You Go. – The Authority shall provide information on a Web site, under a section entitled "Know Before You Go," to students and parents to assist in selection of major and career options as provided in this section. The information shall be updated annually.
(b) Career Options. – The Authority shall, as data is available, provide information on projected employment needs in the labor economy and associated salary ranges for those areas of employment, college majors which may fulfill those needs, and institutions of higher education that may provide those majors. The Authority may use existing sources of public information, such as the employment projections produced by the federal Department of Labor, Bureau of Labor Statistics, to develop this information.
(c) Major Options. – The Authority shall, as data is available, provide information based on aggregate data for outcomes of public and private institutions of higher education in North Carolina. Outcome information for each public and private institution of higher education shall include, but is not limited to, the following:

(1) Completion rates within the expected number of semesters for the degree sought.
(2) Transfer rates of students to other institutions.
(3) Percentage of students receiving financial aid, by type of aid.
(4) Average and median amount of loan debt upon student graduation, by major.
(5) Average and median salary, by major.
(6) Percentage of graduates employed within six months of graduation, by major.
(7) Percentage of graduates enrolled in graduate school within six months of graduation, by major.
(d) Public and Private Institutions of Higher Education. – For the purposes of this section, "public institutions of higher education" shall include the constituent institutions of The University of North Carolina and the community colleges under the jurisdiction of the State Board of Community Colleges and "private institutions of higher education" shall include postsecondary institutions that award postsecondary degrees, as defined in G.S. 116-15(a2)(1)."

SECTION 2.(a) G.S. 116-143.1 reads as rewritten:

"§ 116-143.1. Provisions for determining resident status for tuition purposes.
(a) As defined under this section:

(1) A "legal resident" or "resident" is a person who qualifies as a domiciliary of North Carolina; a "nonresident" is a person who does not qualify as a domiciliary of North Carolina.
(2) A "resident for tuition purposes" is a person who qualifies for the in-State tuition rate; a "nonresident for tuition purposes" is a person who does not qualify for the in-State tuition rate.
(3) "Institution of higher education" means any of the constituent institutions of the University of North Carolina and the community colleges under the jurisdiction of the State Board of Community Colleges.
(4) "Authority" means the State Education Assistance Authority created by and authorized to act under Article 23 of Chapter 116 of the General Statutes.

(d) An individual shall not be classified as a resident for tuition purposes and, thus, not rendered eligible to receive the in-State tuition rate, until he or she has provided such evidence related to legal residence and its duration as may be required by the coordinated and centralized residency determination process administered by the Authority in accordance with this Article acting on behalf of officials of the institution of higher education from which the individual seeks the in-State tuition rate.
(e) When an individual presents evidence that the individual has living parent(s) or court-appointed guardian of the person, the legal residence of such parent(s) or guardian shall be prima facie evidence of the individual's legal residence, which may be reinforced or rebutted relative to the age and general circumstances of the individual by the other evidence of legal residence required of or presented by the individual; provided, that the legal residence of an individual whose parents are domiciled outside this State shall not be prima facie evidence of the individual's legal residence if the individual has lived in this State the five consecutive years prior to enrolling or reregistering at the institution of higher education at which resident status for tuition purposes is sought.

(i) A person who, having acquired bona fide legal residence in North Carolina, has been classified as a resident for tuition purposes but who, while enrolled in an institution of higher education, loses North Carolina legal residence, shall continue to enjoy the in-State tuition rate for a statutory grace period. This grace period shall be measured from the date on which the culminating circumstances arose that caused loss of legal residence and shall continue for 12 months; provided, that a resident's marriage to a person domiciled outside of North Carolina shall not be deemed a culminating circumstance even when said resident's spouse continues to be domiciled outside of North Carolina; and provided, further, that if the 12-month period ends during a semester or academic term in which such a former resident is enrolled at an institution of higher education, such grace period shall extend, in addition, to the end of that semester or academic term.

"SECTION 2.(b) G.S. 116-201(b) reads as rewritten:

"(b) As used in this Article, the following terms shall have the following meanings unless the context indicates a contrary intent:

(11) "Student," with respect to scholarships, grants, and work-study programs, means a resident of the State for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with any definitions of residency that may from time to time be prescribed by the Board of Governors of The University of North Carolina and published in the residency manual of the Board, Carolina, who, under regulations adopted by the Authority, has enrolled or will enroll in an eligible institution for the purpose of pursuing his education beyond the high school level, who is making suitable progress in his education in accordance with standards acceptable to the Authority and, for the purposes of G.S. 116-209.19, who has not received a bachelor's degree, or qualified for it and who is otherwise classified as an undergraduate under those regulations that the Authority may promulgate;"

"SECTION 2.(c) G.S. 116-204 is amended by adding a new subdivision to read:

"(12) To administer the coordinated and centralized process for determining residency for tuition and State-funded financial aid purposes that is jointly developed and implemented by The University of North Carolina, the North Carolina Community College System, and the Authority, in consultation with the North Carolina Independent Colleges and Universities."

"SECTION 2.(d) G.S. 116-281 reads as rewritten:

"§ 116-281. Eligibility requirements for scholarships.

In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible private postsecondary institution must meet all of the following requirements:

(3) The student must qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1
and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors and published in the residency manual of the Board of Governors of The University of North Carolina.

SECTION 2.(e) G.S. 115C-499.2 reads as rewritten:

"§ 115C-499.2. Eligibility requirements for a scholarship.
In order to be eligible to receive a scholarship under this Article, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

... (3) The student must qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors and published in the residency manual of the Board of Governors of The University of North Carolina.

..."

SECTION 2.(f) G.S. 105-259(b) is amended by adding a new subdivision to read:

"(b) Disclosure Prohibited. – An officer, an employee, or an agent of the State who has access to tax information in the course of service to or employment by the State may not disclose the information to any other person except as provided in this subsection. Standards used or to be used for the selection of returns for examination and data used or to be used for determining the standards may not be disclosed for any purpose. All other tax information may be disclosed only if the disclosure is made for one of the following purposes:

... (52) To furnish tax information to the State Education Assistance Authority as necessary for administering the coordinated and centralized residency determination process in accordance with Article 14 of Chapter 116 of the General Statutes."

SECTION 2.(g) The State Board of Community Colleges shall adopt a policy that requires the community colleges within the North Carolina Community College System to accept only the residency classification jointly developed by The University of North Carolina, the North Carolina Community College System, and the State Education Assistance Authority in consultation with the North Carolina Independent Colleges and Universities as required by this act under the coordinated and centralized process for determining residency for tuition purposes.

SECTION 2.(h) The State Education Assistance Authority shall establish a council comprised of representatives of The University of North Carolina, the North Carolina Community College System, and the North Carolina Independent Colleges and Universities to guide and assist the Authority in formulating, developing, and implementing any policies necessary for the proper administration and maintenance of the coordinated and centralized process for determining residency for tuition and State-funded financial aid as required by this act.

SECTION 3. Section 1 of this act becomes effective April 1, 2017. Section 2 of this act becomes effective September 1, 2016, and applies to all undergraduate enrollments for academic quarters, terms, or semesters that begin on or after January 1, 2017, and to all graduate enrollments for academic quarters, terms, or semesters that begin on or after January 1, 2018. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 21st day of June, 2016.
AN ACT TO AMEND THE LAW REGARDING CHANGE ORDERS ON SCHOOL CONSTRUCTION PROJECTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-521 is amended by adding a new subsection to read:

"(h) Each local board of education shall adopt a policy governing change orders to any construction or repair work for which a contract has been awarded in accordance with G.S. 143-128, 143-128.1, 143-128.1A, 143-128.1B, 143-128.1C, or 143-129. The policy shall address, at a minimum, all of the following:

1. The process by which a proposed change order is submitted by the contractor for approval, including any request for expedited review.
2. The individual or individuals with responsible authority for approving change orders of a particular category of work or amount, or a combination thereof, and the corresponding descriptions and dollar limits.
3. The process by which any change order that must be reviewed and approved by the local board is submitted to the local board.
4. The process by which the local board is notified of all change orders submitted to the individual or individuals identified with responsible authority to approve those orders, and the resulting actions taken."

SECTION 2. This act becomes effective October 1, 2016, and applies to contracts awarded, extended, or renewed on or after that date.

In the General Assembly read three times and ratified this the 21st day of June, 2016.

AN ACT TO CLARIFY THE RENEWAL, RELEASE, AND CANCELLATION PROCESS FOR SECURITY INTERESTS ON A CERTIFICATE OF TITLE FOR A MANUFACTURED HOME AND TO CLARIFY THE CALCULATION OF THE COST OF THE UNDERTAKING FOR THE INSTALLATION OF A MANUFACTURED HOME.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-4.01 reads as rewritten:

"§ 20-4.01. Definitions. Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

14) House Trailer. – Any trailer or semitrailer designed and equipped to provide living or sleeping facilities and drawn by a motor vehicle. This term shall not include a manufactured home as defined in subdivision (18a) of this section.

18a) Manufactured Home. – Defined in G.S. 143-143.9(6).

32b) Recreational Vehicle. – A vehicular type unit primarily designed as temporary living quarters for recreational, camping, or travel use that either has its own motive power or is mounted on, or towed by, another vehicle. The basic entities are camping trailer, fifth-wheel travel trailer, motor home, travel trailer, and truck camper. This term shall not include a manufactured home as defined in G.S. 143-143.9(6).

a. Motor home. – As defined in G.S. 20-4.01(27)d2.
b. Travel trailer. – A vehicular unit mounted on wheels, designed to provide temporary living quarters for recreational, camping, or travel use, and of a size or weight that does not require a special highway movement permit when towed by a motorized vehicle.

c. Fifth-wheel trailer. – A vehicular unit mounted on wheels designed to provide temporary living quarters for recreational, camping, or travel use, of a size and weight that does not require a special highway movement permit and designed to be towed by a motorized vehicle that contains a towing mechanism that is mounted above or forward of the tow vehicle's rear axle.

d. Camping trailer. – A vehicular portable unit mounted on wheels and constructed with collapsible partial side walls that fold for towing by another vehicle and unfold at the campsite to provide temporary living quarters for recreational, camping, or travel use.

e. Truck camper. – A portable unit that is constructed to provide temporary living quarters for recreational, camping, or travel use, consisting of a roof, floor, and sides and is designed to be loaded onto and unloaded from the bed of a pickup truck.

(49) Vehicle. – Every device in, upon, or by which any person or property is or may be transported or drawn upon a highway, excepting devices moved by human power or used exclusively upon fixed rails or tracks; provided, that for the purposes of this Chapter bicycles shall be deemed vehicles and every rider of a bicycle upon a highway shall be subject to the provisions of this Chapter applicable to the driver of a vehicle except those which by their nature can have no application. This term shall not include a device which is designed for and intended to be used as a means of transportation for a person with a mobility impairment, or who uses the device for mobility enhancement, is suitable for use both inside and outside a building, including on sidewalks, and is limited by design to 15 miles per hour when the device is being operated by a person with a mobility impairment, or who uses the device for mobility enhancement. This term shall not include an electric personal assistive mobility device as defined in G.S. 20-4.01(7a). Unless the context requires otherwise, and except as provided under G.S. 20-109.2, 47-20.6, or 47-20.7, a manufactured home shall be deemed a vehicle.

SECTION 2. G.S. 20-58 reads as rewritten:

"§ 20-58. Perfection by indication of security interest on certificate of title."

(c) An application for the notation of a security interest pursuant to subsection (a) of this section on a certificate of title for a manufactured home shall state the maturity date of the secured obligation. The Division shall include the stated maturity date for the certificate of title, including the notation of the maturity date on the certificate of title, in its public records and in any reports regarding the certificate of title provided to third parties. For the purposes of this subsection, the maturity date of the security interest is defined in G.S. 45-36.24."

SECTION 3. Article 3 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-58.3A. Automatic expiration of security interest in manufactured home; renewal of security interests in manufactured homes."

(a) For the purposes of this section, the term "secured party" means the secured party named on a certificate of title for a manufactured home and those parties that succeed to the rights of the secured party as a secured creditor by assignment or otherwise. The term
"borrower" means the homeowner or the debtor on the obligation secured by the security interest noted on the certificate of title for a manufactured home.

(b) With the exception of a security interest in a manufactured home perfected pursuant to G.S. 20-58(c), unless satisfied pursuant to G.S. 20-58.4 or G.S. 20-109.2, the perfection of a security interest in a manufactured home that is perfected by a notation on the certificate of title shall automatically expire 30 years after the date of the issuance of the original certificate of title containing the notation of the security interest, unless a different maturity date is stated on the title.

(c) Unless satisfied pursuant to G.S. 20-58.4 or G.S. 20-109.2, the perfection of a security interest in a manufactured home perfected by a notation on the certificate of title pursuant to G.S. 20-58(c) shall automatically expire as follows:

1. If the perfection of the security interest has not been renewed as provided in this section, on the earlier of (i) 90 days after the maturity date stated on the application for the security interest or (ii) 15 years plus 180 days after the date of issuance of the original certificate of title containing the notation of the security interest.

2. If the perfection of the security interest has been renewed as provided in this section, on the earlier of (i) 10 years after the date of the renewal of the perfection of the security interest, (ii) 90 days after the original maturity date of the security interest, if the original maturity date has not been extended, or (iii) 90 days after any extended maturity date stated on the application of renewal.

(d) Prior to the date that perfection of a secured party's security interest in a manufactured home automatically expires pursuant to subsection (b) or (c) of this section, the secured party may deliver to the Division an application for renewal of the perfection of the secured party's security interest. The application for the renewal of the perfection of the secured party's security interest shall be in a form prescribed by the Division. Nothing in this section shall be construed to extend the maturity date of the secured obligation unless an agreement in writing has been executed by the borrower extending the original maturity date. The application for renewal of the perfection of the secured party's security interest shall contain all of the following:

1. The secured party's signature.
2. The existing certificate of title, unless it is in the possession of a prior secured party.
3. An affirmative statement of any agreement executed by the borrower to extend the maturity date.
4. If the application is submitted by the assignee or successor in interest of the secured party listed on the certificate of title, documentary evidence that the applicant is the assignee or successor in interest of the secured party listed on the certificate of title.
5. The name and address of the party from whom information concerning the security interest may be obtained.
6. Any other information requested by the Division.

(e) Upon receipt of the application for renewal of the perfection of the secured party's security interest, the Division shall do one of the following:

1. If the existing certificate of title is included with the application for renewal, the Division shall issue a new certificate of title bearing the original or extended maturity date of the security interest.
2. If the existing certificate of title is in the possession of a prior secured party, the Division, if satisfied as to the genuineness and regularity of the application for renewal, may request the certificate of title from the party in possession for the purpose of notating the original or extended maturity date.
of the security interest. Once the notations have been made, the Division shall return the certificate of title to the possession of the secured party.

(3) If the existing certificate of title is not obtained upon request, the Division shall cancel the existing certificate of title and issue a new certificate of title. The new certificate of title shall list all known security interests and shall bear notation that shows the original or extended maturity date of the security interest.

(f) An application for the renewal of a secured party's security interest pursuant to this section shall be effective to renew the perfection of the security interest as of the date the application is delivered to the Division. Each renewed security interest shall retain its original date of perfection and the perfection shall thereafter expire on the earlier to occur of (i) 10 years after the date of renewal of the perfection of the security interest, (ii) 90 days after the original maturity date of the security interest, if the original maturity date has not been extended, or (iii) 90 days after any extended maturity date stated on the application of renewal. Perfection of a security interest in a manufactured home may be renewed more than once pursuant to this section.

(g) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes related to the renewal of the perfection of a security interest on a certificate of title for a manufactured home pursuant to this section if the claim is based on reliance by the Division on any application for renewal submitted to the Division by a third party pursuant to this section.

SECTION 4. G.S. 20-58.4 reads as rewritten:

"§ 20-58.4. Release of security interest.

(e) If it is impossible for the owner to secure from the secured party the release contemplated by this section, the owner may exhibit to the Division such evidence as may be available showing satisfaction or other discharge of the debt secured, together with a sworn affidavit by the owner that the debt has been satisfied which is satisfied.

(e1) If the vehicle is a manufactured home, the owner may proceed in accordance with subsection (e) of this section or may, in the alternative, provide the Division with a sworn affidavit by the owner that the debt has been satisfied and that either:

(1) After diligent inquiry, the owner has been unable to determine the identity or the current location of the secured creditor or its successor in interest; or

(2) The secured creditor has not responded within 30 days to a written request from the owner to release the secured creditor's security interest.

(e2) The Division may treat either of the methods employed by the owner pursuant to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section when satisfied as to the genuineness, truth and sufficiency thereof. Prior to cancellation of a security interest under the provisions of this subsection, at least 15 days' notice of the pendency thereof shall be given to the secured party at his last known address by the Division by registered letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15 days after the Division gives notice, the secured party responds to the Division indicating that the security interest remains in effect.

(f) The Division shall not be subject to a claim under Article 31 of Chapter 143 of the General Statutes related to the release of the perfection of a security interest on a certificate of title for a manufactured home pursuant to this section if the claim is based on reliance by the Division on any release, affidavit, notation of the certificate of title, or documents evidencing the release or satisfaction of a security interest submitted to the Division by a third party pursuant to this section."

SECTION 5. G.S. 20-85(a)(8) reads as rewritten:
§ 20-85. Schedule of fees.
   (a) The following fees are imposed concerning a certificate of title, a registration card, or a registration plate for a motor vehicle. These fees are payable to the Division and are in addition to the tax imposed by Article 5A of Chapter 105 of the General Statutes.

   (8) Each application for renewing a security interest on a certificate of title or removing a lien or security interest from a certificate of title ......................................................... 20.00

SECTION 6. G.S. 20-109.2(d) reads as rewritten:
   "(d) Application for Title After Cancellation. – If the owner of a manufactured home whose certificate of title has been cancelled under this section subsequently seeks to separate the manufactured home from the real property, the owner may apply for a new certificate of title. The owner must submit to the Division an affidavit containing the same information set out in subsection (b) of this section, verification that the manufactured home has been removed from the real property, verification of the identity of the current owner of the real property upon which the manufactured home was located, and written consent of any affected owners of recorded mortgages, deeds of trust, or security interests in the real property where the manufactured home was placed. The Commissioner may require evidence sufficient to demonstrate that all affected owners of security interests have been notified and consent. Upon receipt of this information, together with a title application and required fee, the Division is authorized to issue a new title for the manufactured home in the name of the current owner of the real property upon which the manufactured home was located."

SECTION 7. G.S. 44A-11.1 is amended by adding a new subsection to read:
   "(a1) Where the improvements to a real property leasehold are limited to the purchase, transportation, and setup of a manufactured home, as defined in G.S. 143-143.9(6), for which there is a current certificate of title, the purchase price of the manufactured home shall be excluded in determining whether the cost of the undertaking are thirty thousand dollars ($30,000) or more."

SECTION 8. G.S. 153A-357(e) reads as rewritten:
   "(e) No permit shall be issued pursuant to subdivision (1) of subsection (a) of this section where the cost of the work is thirty thousand dollars ($30,000) or more, other than for improvements to an existing single-family residential dwelling unit as defined in G.S. 87-15.5(7) that the owner occupies as a residence, or for the addition of an accessory building or accessory structure as defined in the North Carolina Uniform Residential Building Code, the use of which is incidental to that residential dwelling unit, unless the name, physical and mailing address, telephone number, facsimile number, and electronic mail address of the lien agent designated by the owner pursuant to G.S. 44A-11.1(a) is conspicuously set forth in the permit or in an attachment thereto. The building permit may contain the lien agent's electronic mail address. The lien agent information for each permit issued pursuant to this subsection shall be maintained by the inspection department in the same manner and in the same location in which it maintains its record of building permits issued. Where the improvements to a real property leasehold are limited to the purchase, transportation, and setup of a manufactured home, as defined in G.S. 143-143.9(6), for which there is a current certificate of title, the purchase price of the manufactured home shall be excluded in determining whether the cost of the work is thirty thousand dollars ($30,000) or more."

SECTION 9. G.S. 160A-417(d) reads as rewritten:
   "(d) No permit shall be issued pursuant to subdivision (1) of subsection (a) of this section where the cost of the work is thirty thousand dollars ($30,000) or more, other than for improvements to an existing single-family residential dwelling unit as defined in G.S. 87-15.5(7) that the owner occupies as a residence, or for the addition of an accessory building or accessory structure as defined in the North Carolina Uniform Residential Building Code, the use of which is incidental to that residential dwelling unit, unless the name, physical
and mailing address, telephone number, facsimile number, and electronic mail address of the
lien agent designated by the owner pursuant to G.S. 44A-11.1(a) is conspicuously set forth in
the permit or in an attachment thereto. The building permit may contain the lien agent's
electronic mail address. The lien agent information for each permit issued pursuant to this
subsection shall be maintained by the inspection department in the same manner and in the
same location in which it maintains its record of building permits issued. Where the
improvements to a real property leasehold are limited to the purchase, transportation, and setup
of a manufactured home, as defined in G.S. 143-143.9(6), for which there is a current
certificate of title, the purchase price of the manufactured home shall be excluded in
determining whether the cost of the work is thirty thousand dollars ($30,000) or more."

SECTION 10. Section 6 of this act becomes effective August 1, 2016, and applies
to titles issued on or after that date. The remainder of this act becomes effective July 1, 2017.

In the General Assembly read three times and ratified this the 21st day of June,
2016.

Session Law 2016-60 H.B. 436

AN ACT TO FURTHER DEFINE THE TERM "PRACTICE LAW" FOR THE PURPOSE OF
PROTECTING MEMBERS OF THE PUBLIC FROM HARM RESULTING FROM THE
UNAUTHORIZED PRACTICE OF LAW BY A PERSON WHO IS NOT A TRAINED
AND LICENSED ATTORNEY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 84-2.1 reads as rewritten:

"§ 84-2.1. "Practice law" defined.

(a) The phrase "practice law" as used in this Chapter is defined to be performing any
legal service for any other person, firm or corporation, with or without compensation,
specifically including the preparation or aiding in the preparation of deeds, mortgages, wills,
trust instruments, inventories, accounts or reports of guardians, trustees, administrators or
executors, or preparing or aiding in the preparation of any petitions or orders in any probate or
court proceeding; abstracting or passing upon titles, the preparation and filing of petitions for
use in any court, including administrative tribunals and other judicial or quasi-judicial bodies,
or assisting by advice, counsel, or otherwise in any legal work; and to advise or give opinion
upon the legal rights of any person, firm or corporation: Provided, that the above reference to
particular acts which are specifically included within the definition of the phrase "practice law"
shall not be construed to limit the foregoing general definition of the term, but shall be
construed to include the foregoing particular acts, as well as all other acts within the general
definition.

(b) The phrase "practice law" does not encompass:

(1) The drafting or writing of memoranda of understanding or other mediation
summaries by mediators at community mediation centers authorized by
G.S. 7A-38.5 or by mediators of employment-related matters for The
University of North Carolina or a constituent institution, or for an agency,
commission, or board of the State of North Carolina.

(2) The selection or completion of a preprinted form by a real estate broker
licensed under Chapter 93A of the General Statutes, when the broker is
acting as an agent in a real estate transaction and in accordance with rules
adopted by the North Carolina Real Estate Commission, or the selection or
completion of a preprinted residential lease agreement by any person or Web
site provider. Nothing in this subdivision or in G.S. 84-2.2 shall be construed
to permit any person or Web site provider who is not licensed to practice law
in accordance with this Chapter to prepare for any third person any contract

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or deed conveying any interest in real property, or to abstract or pass upon
title to any real property, which is located in this State.

(3) The completion of or assisting a consumer in the completion of various
agreements, contracts, forms, and other documents related to the sale or
lease of a motor vehicle as defined in G.S. 20-286(10), or of products or
services ancillary or related to the sale or lease of a motor vehicle, by a
motor vehicle dealer licensed under Article 12 of Chapter 20 of the General
Statutes.

SECTION 2. Article 1 of Chapter 84 of the General Statutes is amended by adding
a new section to read:

"§ 84-2.2. Exemption and additional requirements for Web site providers.

(a) The practice of law, including the giving of legal advice, as defined by G.S. 84-2.1
does not include the operation of a Web site by a provider that offers consumers access to
interactive software that generates a legal document based on the consumer's answers to
questions presented by the software, provided that all of the following are satisfied:

(1) The consumer is provided a means to see the blank template or the final,
completed document before finalizing a purchase of that document.

(2) An attorney licensed to practice law in the State of North Carolina has
reviewed each blank template offered to North Carolina consumers,
including each and every potential part thereof that may appear in the
completed document. The name and address of each reviewing attorney
must be kept on file by the provider and provided to the consumer upon
written request.

(3) The provider must communicate to the consumer that the forms or templates
are not a substitute for the advice or services of an attorney.

(4) The provider discloses its legal name and physical location and address to
the consumer.

(5) The provider does not disclaim any warranties or liability and does not limit
the recovery of damages or other remedies by the consumer.

(6) The provider does not require the consumer to agree to jurisdiction or venue
in any state other than North Carolina for the resolution of disputes between
the provider and the consumer.

(7) The provider must have a consumer satisfaction process. All consumer
concerns involving the unauthorized practice of law made to the provider
shall be referred to the North Carolina State Bar. The consumer satisfaction
process must be conspicuously displayed on the provider's Web site.

(b) A Web site provider subject to this section shall register with the North Carolina
State Bar prior to commencing operation in the State and shall renew its registration with the
State Bar annually. The State Bar may not refuse registration.

(c) Each Web site provider subject to this section shall pay an initial registration fee in
an amount not to exceed one hundred dollars ($100.00) and an annual renewal fee in an amount
not to exceed fifty dollars ($50.00).

SECTION 3. G.S. 84-10.1 reads as rewritten:

"§ 84-10.1. Private cause of action for the unauthorized practice of law.

If any person knowingly violates any of the provisions of G.S. 84-4 through G.S. 84-6 or
G.S. 84-9, fraudulently holds himself or herself out as a North Carolina certified paralegal by
use of the designations set forth in G.S. 84-37(a), or knowingly aids and abets another person to
commit the unauthorized practice of law, in addition to any other liability imposed pursuant to
this Chapter or any other applicable law, any person who is damaged by the unlawful acts set
out in this section shall be entitled to maintain a private cause of action to recover damages and
reasonable attorneys' fees and other injunctive relief as ordered by court. No order or
judgment under this section shall have any effect upon the ability of the North Carolina State
Bar to take any action authorized by this Chapter."
SECTION 4. The General Assembly shall review the implementation of Section 2 of this act and consider whether the provision should be modified or discontinued by June 30, 2018.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 20th day of June, 2016.

Session Law 2016-61

S.B. 600

AN ACT TO REQUIRE APPRAISAL MANAGEMENT COMPANIES TO COMPENSATE APPRAISERS IN COMPLIANCE WITH FEDERAL LAW AND TO ALLOW FEDERAL APPELLATE JUDGES TO PERFORM MARRIAGE CEREMONIES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 93E-2-4 is amended by adding the following new subsection to read:

"§ 93E-2-4. Qualifications for registration; duties of registrants.

... (i) For appraisal assignments of property secured by the principal dwelling of the consumer, an appraisal management company shall compensate appraisers in compliance with section 129E(i) of the federal Truth in Lending Act (15 U.S.C. § 1601 et seq.) and regulations promulgated thereunder. The Board shall adopt rules necessary to enforce this subsection. Rules establishing customary and reasonable rates shall be based on objective third-party information, such as academic studies and independent private sector surveys."

SECTION 1.(b) G.S. 93E-2-8(a) is amended by adding the following new subdivision to read:


(a) The Board may, by order, deny, suspend, revoke, or refuse to issue or renew a registration of an appraisal management company under this Article or may restrict or limit activities of a person who owns an interest in or participates in the business of an appraisal management company if the Board determines that an applicant, registrant, or any partner, member, manager, officer, director, compliance manager, or person occupying a similar status, performing similar functions, or directly or indirectly controlling the applicant or registrant has done any of the following:

... (9) Failed to compensate appraisers in compliance with G.S. 93E-2-4(i)."

SECTION 1.(c) This section becomes effective January 1, 2017.

SECTION 2.(a) Notwithstanding the limitations in G.S. 51-1(1) and (2), a marriage that meets all other requisites of marriage may be solemnized by a Justice of the United States Supreme Court or a Judge of the United States Court of Appeals.

SECTION 2.(b) This section becomes effective July 2, 2016, and expires July 5, 2016.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-62

S.B. 774

AN ACT REMOVING CERTAIN DESCRIBED PROPERTY FROM THE CORPORATE LIMITS OF THE VILLAGE OF MARVIN AND THE CITY OF ASHEBORO.

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The General Assembly of North Carolina enacts:

SECTION 1.(a) The following described property, referenced by the Union County Tax Office Parcel Identification Number, is removed from the corporate limits of the Village of Marvin: 06222577.

SECTION 1.(b) This act has no effect upon the validity of any liens of the Village of Marvin for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the Village of Marvin.

SECTION 2.(a) The following described property in the Cedar Grove Township, Randolph County, North Carolina, is removed from the corporate limits of the City of Asheboro:

BEGINNING on the existing primary city limits line for the City of Asheboro at a 3/4" existing iron pipe that is up 1" at the southeast corner of the Pamela Sue Vuncannon property described in Deed Book 2341, Page 258, Randolph County Public Registry (this tract of land is proposed for removal from the Asheboro City Limits and will be hereinafter referred to as the "Deannexation Tract"), the said beginning point is North 29 degrees 58 minutes 42 seconds West 679.77 feet from NCGS monument "Bingham" that is located by means of the North Carolina Coordinate System at the coordinates of North 703,571.16 feet and East 1,747,119.25 feet (NAD 83); thence from the said beginning point and following the proposed new primary city limits line South 86 degrees 25 minutes 02 seconds West 96.86 feet along the southern boundary line for the Deannexation Tract to a 1.5" existing iron rod that is up 2" at the southwest corner of the Deannexation Tract; thence departing from the southern boundary line of the Deannexation Tract and proceeding along the western boundary line of the territory to be removed from the city limits by following the shared boundary line between the Deannexation Tract and the Marcia H. Miller property described in Deed Book 1899, Page 2539 (Tracts 1 & 2), Randolph County Public Registry the following course and distance: North 00 degrees 11 minutes 13 seconds East 192.56 feet to a 1/2" existing iron pipe up 7" at the northwest corner of the Deannexation Tract; thence departing from the western boundary line for the Deannexation Tract and following the shared boundary line between the Deannexation Tract and the Pamela Sue Vuncannon property described in Deed Book 1618, Page 671, Randolph County Public Registry the following courses and distances: South 87 degrees 58 minutes 06 seconds East 46.61 feet to a computed point; thence North 36 degrees 01 minute 44 seconds East 84.59 feet to a 3/4" existing iron pipe up 2" at the northeast corner of the Deannexation Tract; thence departing from the northern boundary line of the Deannexation Tract and following the shared boundary line of the Deannexation Tract and the Dumont Bunker property described in Deed Book 1911, Page 2210, Randolph County Public Registry the following course and distance: South 00 degrees 03 minutes 56 seconds West 253.26 feet to the point and place of BEGINNING, and containing a total of 19,861 square feet (0.456 of an acre) of land, more or less, to be removed from the city limits of the City of Asheboro.

The above-listed description is in accordance with a plat of survey entitled "Plat of Proposed Deannexation of Certain Territory at the Request of the City of Asheboro(;) Property of Pamela Sue Vuncannon" that was drawn under the supervision of Thomas Scaramasta, Professional Land Surveyor with License Number L-4421. The job number listed on the plat is 16-004, and the said plat of survey's title block bears the date of February 9, 2016.

SECTION 2.(b) This act has no effect upon the validity of any liens of the City of Asheboro for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the City of Asheboro.
SECTION 3. This act becomes effective June 30, 2016. Property in the territories described in Section 1(a) and Section 2(a) of this act as of January 1, 2016, is no longer subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-63 S.B. 852

AN ACT REMOVING CERTAIN DESCRIBED PROPERTY FROM THE CORPORATE LIMITS OF THE TOWN OF BAKERSVILLE AND FROM THE CORPORATE LIMITS OF THE TOWN OF CLYDE.

The General Assembly of North Carolina enacts:

SECTION 1. (a) The following described property, referenced by the Mitchell County Tax Office Parcel Identification Number, is removed from the corporate limits of the Town of Bakersville: 0874-00-03-1913.

SECTION 1. (b) This act has no effect upon the validity of any liens of the Town of Bakersville for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the Town of Bakersville.

SECTION 2. (a) The following described property, referenced by the Haywood County Tax Office Parcel Identification Numbers, is removed from the corporate limits of the Town of Clyde: 8637-40-3630, 8637-40-3433.

SECTION 2. (b) This act has no effect upon the validity of any liens of the Town of Clyde for ad valorem taxes or special assessments outstanding before the effective date of this act. Such liens may be collected or foreclosed upon after the effective date of this act as though the property were still within the corporate limits of the Town of Clyde.

SECTION 3. This act becomes effective June 30, 2016. Property in the territories described by Section 1(a) and Section 2(a) of this act as of January 1, 2016, is no longer subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-64 H.B. 1126

AN ACT TO MAKE CHANGES TO THE LAW GOVERNING RED LIGHT CAMERAS IN THE CITY OF GREENVILLE.

The General Assembly of North Carolina enacts:

SECTION 1. Section 3 of S.L. 2007-341 reads as rewritten:

"SECTION 3. Section 1 of this act applies to the Cities of Albemarle, Charlotte, Durham, Fayetteville, Greenville, Locust, and Rocky Mount and to the municipalities in Union County."

SECTION 2. G.S. 160A-300.1(c), as amended by S.L. 2007-341, is amended by adding a new subdivision to read:

"(4a) A municipality enacting an ordinance implementing a traffic control photographic system may enter into a contract with a contractor for the lease, lease-purchase, or purchase of the system. The municipality may enter into only one contract for the lease, lease-purchase, or purchase of the system, and the duration of the contract may be for no more than 60 months. After the period specified in the contract has expired, the system shall either be the property of the municipality, or the system shall be removed and returned to the contractor."

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SECTION 3. G.S. 160A-300.1(c)(2), as amended by S.L. 2007-341, and by Section 1 of this act, reads as rewritten:

"(2) A violation detected by a traffic control photographic system shall be deemed a noncriminal violation for which a civil penalty of seventy-five dollars ($75.00) one hundred dollars ($100.00) shall be assessed, and for which no points authorized by G.S. 20-16(c) shall be assigned to the owner or driver of the vehicle nor insurance points as authorized by G.S. 58-36-65."

SECTION 4. The City of Greenville and the Pitt County Board of Education may enter into an interlocal agreement necessary and proper to effectuate the purpose and intent of G.S. 160A-300.1 and this act. Any agreement entered into pursuant to this section may include provisions on cost-sharing and reimbursement that the Pitt County Board of Education and the City of Greenville freely and voluntarily agree to for the purpose of effectuating the provisions of G.S. 160A-300.1 and this act.

SECTION 5. This act applies only to the City of Greenville and the Pitt County Board of Education.

SECTION 6. Section 3 of this act becomes effective October 1, 2016, and applies to violations committed on or after that date. The remainder of this act becomes effective July 1, 2016.

In the General Assembly read three times and ratified this the 30th day of June, 2016.
gross proceeds collected each year and one percent (1%) of the remaining gross proceeds collected each year.

(2) Promote travel and tourism. – To advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area. The term includes administrative expenses incurred in engaging in the listed activities.

(3) Tourism-related expenditures. – Expenditures that, in the judgment of the Tourism Development Authority, are designed to increase the use of lodging facilities, meeting facilities, or convention facilities in the county or to attract tourists or business travelers to the county. The term includes tourism-related capital expenditures.

e) Distribution and use of tax revenue. Wilson County shall, on a quarterly basis, remit the net proceeds of the occupancy tax to the Wilson County Tourism Development Authority. The Authority shall use at least two-thirds of the funds remitted to it under this subsection to promote travel and tourism in Wilson County and shall use the remainder for tourism-related expenditures that are mutually agreed upon by the Wilson County Tourism Development Authority and the Wilson City Council."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1\st day of July, 2016.

Session Law 2016-66

AN ACT TO AMEND THE CHARTER OF THE TOWN OF COLUMBIA TO EXTEND THE TERM OF OFFICE FOR THE MAYOR AND CLARIFY THAT THE MEMBERS OF THE BOARD OF ALDERMEN SERVE FOUR-YEAR STAGGERED TERMS AND TO AUTHORIZE THE TOWN OF HOPE MILLS TO TAKE IMMEDIATE POSSESSION OF REAL PROPERTY CONDEMNED BY THE TOWN FOR RECREATIONAL PURPOSES IN CONNECTION WITH THE HOPE MILLS LAKE AND HOPE MILLS LAKE DAM PROJECT.

The General Assembly of North Carolina enacts:

SECTION 1. (a) Section 4 of the Charter of the Town of Columbia, being Chapter 423 of the Public Laws of 1941, reads as rewritten:

"Sec. 4. Creation, Salary, and Composition of Mayor and Board of Aldermen. Except as otherwise provided in this charter all powers of the town shall be vested in a board of aldermen of five members and a mayor nominated and elected from the town at large in the manner hereinafter provided. The term of office of the mayor and the board of aldermen shall be for two years and until their successors are elected and qualified, and shall begin on the first day of July next following their election. If a vacancy occurs in the office of mayor or aldermen, it shall be filled for the remainder of the unexpired term by a majority vote of the remaining members of the board of aldermen. Each member of the board of aldermen shall receive a salary the amount which shall be prescribed by ordinance. No ordinance fixing or changing the salary of members of the board of aldermen shall become effective during the current term of office of members of the board of aldermen enacting such ordinance. Members of the board of aldermen shall be qualified electors of the town. A member of the board of aldermen ceasing to possess any of the qualifications specified in this section, or convicted of crime while in office, shall immediately forfeit his office."

SECTION 1. (b) Section 12 of the Charter of the Town of Columbia, being Chapter 423 of the Public Laws of 1941, reads as rewritten:

"Sec. 12. Municipal Elections. The regular election for the choice of mayor and the members of the board of aldermen shall be held on Tuesday following the first Monday in May.
in odd numbered years. The board of aldermen may by resolution order a special election, fix the time for holding the same, and provide all means for holding such special election. 

Election of Mayor; Election of the Board of Aldermen. The mayor and the members of the board of aldermen shall be elected to four-year terms by the qualified voters of the entire town. In 2017, and quadrennially thereafter, the regular election for the choice of mayor shall be held on the first Tuesday after the first Monday in November. In 2017, and quadrennially thereafter, a mayor shall be elected separately from the aldermen to a four-year term. The regular election for the members of the board of aldermen shall be held the first Tuesday after the first Monday in November in odd-numbered years. In 2017, and quadrennially thereafter, members of the board of aldermen shall be elected to Seats 1, 2, and 3 for four-year terms. In 2019, and quadrennially thereafter, members of the board of aldermen shall be elected to Seats 4 and 5 for four-year terms."

SECTION 1.(c) The previous elections in the Town of Columbia since January 1, 1977, are hereby validated, notwithstanding any irregularity in the elections for the members of the board of aldermen and mayor. Further, any and all actions of the board of aldermen of the Town of Columbia since January 1, 1977, are hereby ratified and confirmed, notwithstanding any irregularity in the manner of election.

SECTION 2.(a) G.S. 40A-42(a)(1) reads as rewritten:

"(1) Standard Provision. – When a local public condemnor is acquiring property by condemnation for a purpose set out in G.S. 40A-3(b)(1), (3), (4) or (7), or when a city is acquiring property for a purpose set out in G.S. 160A-311(1), (2), (3), (4), (6), or (7), or when a county is acquiring property for a purpose set out in G.S. 153A-274(1), (2) or (3), or when a local board of education or any combination of local boards of education is acquiring property for any purpose set forth in G.S. 115C-517, or when a condemnor is acquiring property by condemnation as authorized by G.S. 40A-3(c)(1), (8), (9), (10), (12), or (13) title to the property and the right to immediate possession shall vest pursuant to this subsection. Unless an action for injunctive relief has been initiated, title to the property specified in the complaint, together with the right to immediate possession thereof, shall vest in the condemnor upon the filing of the complaint and the making of the deposit in accordance with G.S. 40A-41."

SECTION 2.(b) This section applies only to the Town of Hope Mills for the taking of property for projects involving or relating to Hope Mills Lake or the Hope Mills Lake dam.

SECTION 2.(c) This section is effective when it becomes law and expires on July 1, 2019.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-67

S.B. 739

AN ACT ADDING CERTAIN DESCRIBED PROPERTY TO THE CORPORATE LIMITS OF THE TOWN OF ROLESVILLE.

The General Assembly of North Carolina enacts:

SECTION 1. The following described property is added to the corporate limits of the Town of Rolesville:

The entire right-of-way of the Rolesville Bypass (US 401) from SR 2050; Lillie Liles Road (south end) to NC Highway 96 (north end); the entire right-of-way of US Highway 401 Business (Main Street) from the Rolesville Bypass (south end near Louisbury Road) to the Rolesville Bypass (north end near Creek Pine Drive); the entire right-of-way of SR 2226; Jonesville Road from Rolesville Bypass (south end) to US Highway 401 Business (north end);
the entire right-of-way of SR 1003; East Young Street from US Highway 401 Business (north end) to SR 2305; Quarry Road (south end); and the entire right-of-way of SR 2300; Pulleytown Road from US Highway 401 Business (north end) to Rolesville Bypass (south end).

SECTION 2. This act becomes effective June 30, 2016. Property in the territory described by Section 1 of this act as of January 1, 2016, is subject to municipal taxes for taxes imposed for taxable years beginning on or after July 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-68

AN ACT AMENDING THE CHARTER OF THE TOWN OF CARY TO DELEGATE TO THE TOWN MANAGER THE AUTHORITY TO GRANT UTILITY EASEMENTS, AGREEMENTS, AND OTHER SIMILAR INTERESTS IN REAL PROPERTY OVER TOWN-OWNED PROPERTY AND AUTHORIZING THE TOWN TO SELL, EXCHANGE, OR OTHERWISE TRANSFER REAL PROPERTY SUBJECT TO RESTRICTIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Article XI of the Charter of the Town of Cary, being S.L. 2005-117, as amended by S.L. 2015-84, is amended by adding new sections to read as follows:

"Section 11.2. Granting of utility easements and agreements. The Town Council may authorize the Town Manager or Deputy Town Manager to grant utility easements and agreements, or similar interests, in real property over Town-owned property without obtaining Town Council approval.

"Section 11.3. Conveyance of real property with restrictions. When the Town Council determines that a sale or disposition of real property is in the public interest, the Town may, in addition to other authorized means, sell, exchange, or transfer the fee or any lesser interest in real property, either by public sale or by negotiated private sale. The Town may attach to the transfer and to the interest conveyed any covenants, conditions, or restrictions, or a combination of them, the Town deems necessary to further the public interest. The consideration received by the Town, if any, for the conveyance may reflect the restricted use of the property resulting from the covenants, conditions, or restrictions. The Town may invite bids or written proposals, including detailed development plans and site plans, for the purchase of any such property or property interest, whether by sale, exchange, or other transfer, pursuant to the specifications as may be approved by the Town. A sale, exchange, or other transfer of real property, or interest therein, pursuant to this section may be made contingent upon any necessary rezoning of the property. Any conveyance under this section may be made only pursuant to a resolution of the Town Council authorizing the conveyance. Notice of the proposed transaction shall be given at least 10 days prior to adoption of the resolution by publication, and the notice shall generally describe (i) the property involved, (ii) the nature of the interest to be conveyed, and (iii) all of the material terms of the proposed transaction, including any covenants, conditions, or restrictions which may be applicable. The notice shall give the time and place of the Town Council meeting where the proposed transaction will be considered and shall announce the Council's intention to authorize the proposed transaction. The authority contained in this section is in addition to, and not in limitation of, any other authority granted by this Charter or any other general or local law."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.
Session Law 2016-69

AN ACT TO ALLOW THE TOWN OF MARIETTA TO HOLD MUNICIPAL ELECTIONS EVERY FOUR YEARS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 2.3 of the Charter of the Town of Marietta, being Chapter 111 of the 1985 Session Laws, reads as rewritten:
"Sec. 2.3. Mayor; Term of Office; Duties. The Mayor shall be elected in the manner provided by Article III of this Charter to serve for a term of two-four years or until his successor is elected and qualified. The Mayor shall be the official head of the Town government and shall preside at all meetings of the Council. He shall have the right to vote in any and all matters before the Council. The Mayor shall exercise such powers and perform such duties as presently are or hereinafter may be conferred upon him by the General Statutes of North Carolina, by this Charter, and by the ordinances of the Town."

SECTION 2. Article III of the Charter of the Town of Marietta, being Chapter 111 of the 1985 Session Laws, reads as rewritten:
"Article III.
Elections.

"Sec. 3.1. Regular Municipal Elections; Conduct and Method of Election. Regular Beginning in 2017, regular municipal elections shall be held in the Town every two-four years in odd-numbered years and shall be conducted by the Robeson County Board of Elections in accordance with the uniform municipal election laws of North Carolina. At each such election, the Mayor and two-four members of the Council shall be elected according to the nonpartisan plurality method of election.

"Sec. 3.2. Election of Council Members. Members of the Town Council are elected to four-year terms. In 1985 all four members of the Town Council shall be elected, two for four years and two for two years, the two candidates receiving the highest number of votes to serve for four years and the two candidates who receive the next largest number of votes to serve for two years. The two members whose terms expire in 2017 shall be elected to serve four-year terms at the regular municipal election in 2017. The two members whose terms expire in 2019 shall continue to serve until 2021. In 1987, 2021, and biennially quadrennially thereafter, two four members shall be elected by the voters of the Town voting at large.

"Sec. 3.3. Election of the Mayor. At the regular municipal election in 1985, 2017, and biennially quadrennially thereafter, there shall be elected a Mayor to serve a term of two-four years. The Mayor shall be elected by the voters of the Town voting at large."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-70


Whereas, G.S. 120-121 authorizes the General Assembly to make certain appointments to public offices upon the recommendation of the President Pro Tempore of the Senate and the Speaker of the House of Representatives; and

Whereas, the President Pro Tempore of the Senate and the Speaker of the House of Representatives have made recommendations; and
Whereas, G.S. 143B-168.12 authorizes the General Assembly to appoint a member of the public to the Board of Directors of the North Carolina Partnership for Children, Inc., upon the recommendation of the Majority Leader of the Senate; and
Whereas, the Majority Leader of the Senate has made a recommendation; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. PRESIDENT PRO TEMPORE'S RECOMMENDATIONS

SECTION 1.1. Effective October 1, 2016, Owen D. Andrews of Craven County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2020.

SECTION 1.2. G.S. 90-471 requires the terms of members of the North Carolina Institute of Medicine Board of Directors to be staggered. To stagger the terms, the terms of Keith Holtsclaw of Mitchell County and Dr. Penney Burlingame Deal of Onslow County appointed to the North Carolina Institute of Medicine Board of Directors expire on December 31, 2017.

SECTION 1.3. Effective January 1, 2017, Joshua T. Brown of Durham County and Jeffrey H. Ledford of Cleveland County are appointed to the 911 Board for terms expiring on December 31, 2020.

SECTION 1.4. Dr. Kevin Sharp of Forsyth County is appointed to the North Carolina State Board of Chiropractic Examiners for a term expiring on June 30, 2019.

SECTION 1.5. Virginia R. Smith of Johnston County is appointed to the Board of Trustees of the State Health Plan for Teachers and State Employees for a term expiring on June 30, 2018.

SECTION 1.6. Toni Rittenberg of Craven County and Ji Fei "Jeffrey" Wang of Mecklenburg County are appointed to the Acupuncture Licensing Board for terms expiring on June 30, 2019.

SECTION 1.7. Aaron Fleming of Wake County and Cory S. Causby of Haywood County are appointed to the North Carolina Center for the Advancement of Teaching Board of Trustees for terms expiring June 30, 2020.


SECTION 1.9. Dr. Charles Bruce Williams of New Hanover County is appointed to the North Carolina Agricultural Finance Authority for a term expiring on June 30, 2019.

SECTION 1.10. Jennifer Sullivan of Cumberland County is appointed to the North Carolina Arboretum Board of Directors for a term expiring on June 30, 2020.


SECTION 1.12. Elizabeth Gilleland of Wake County and Reverend Charles F. McDowell III of Scotland County are appointed to the North Carolina Child Care Commission for terms expiring on June 30, 2018.

SECTION 1.13. William Toole of Gaston County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees Council for a term expiring on July 1, 2019.


SECTION 1.16. Richard L. Hill of Pitt County and Cynthia R. Barringer of Cabarrus County are appointed to the North Carolina Manufactured Housing Board for terms expiring on June 30, 2019.

SECTION 1.17. William Russell Davis of Onslow County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on June 30, 2019.

SECTION 1.18. Cynthia Tart of Brunswick County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on June 30, 2019.

SECTION 1.19. Rhett N. Mabry of Mecklenburg County is appointed to the Permanency Innovation Initiative Oversight Committee for a term expiring on June 30, 2019.

SECTION 1.20. Michael J. Atkins of Wake County is appointed to the North Carolina Recreational Therapy Licensure Board for a term expiring on June 30, 2019.

SECTION 1.21. Robin L. Ross of Caldwell County is appointed to the North Carolina Respiratory Care Board for a term expiring on June 30, 2019.

SECTION 1.22. Zenas E. Fearing of Dare County, Edward Brent Lane of Wake County, and Clark S. Twiddy of Dare County are appointed to the Roanoke Island Commission for terms expiring on June 30, 2018.

SECTION 1.23. Pamela J. Cundiff of Rockingham County and Heath R. Jenkins of Gaston County are appointed to the Rural Infrastructure Authority for terms expiring on June 30, 2019.

SECTION 1.24. Effective April 1, 2016, Edward Ashby of Surry County is appointed to the North Carolina State Banking Commission for a term expiring on March 31, 2020.


SECTION 1.27. Diane R. Smith of Caldwell County is appointed to the North Carolina State Board of Cosmetic Art Examiners for a term expiring on June 30, 2019.

SECTION 1.28. Jerome J. Cook of Forsyth County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2018.

SECTION 1.29. Melinda L. Baran of Wake County is appointed to the Supplemental Retirement Board of Trustees for a term expiring on June 30, 2019.

SECTION 1.30. Ronald Cooper of Pitt County and Perri Morgan of Wake County are appointed to the Umstead Act Unfair Competition Panel for terms expiring on June 30, 2020.

SECTION 1.32. Dr. Brian B. Sheitman of Wake County and Robin Todd-Hall of Caldwell County are appointed to the North Carolina Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services for terms expiring on June 30, 2019.

SECTION 1.33. Charles E. Vines of Mitchell County is appointed to the North Carolina State Water Infrastructure Authority for a term expiring on June 30, 2018.

SECTION 1.34. Effective on the date this act becomes law, Ernie L. Coleman of Beaufort County and Benjamin J. Curtis of Rockingham County are appointed to the Governor's Crime Commission for terms expiring on February 28, 2017.

SECTION 1.35. Effective September 1, 2016, Angela L. Harris of Franklin County, Gregory C. Light of Rockingham County, The Honorable David V. Byrd of Wilkes County, and Maureen H. Krueger of Moore County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2018.

SECTION 1.36. Michael J. Martini of Guilford County and Sajjan Agarwal of Wake County are appointed to the North Carolina Education and Workforce Innovation Commission for terms expiring on June 30, 2019.
SECTION 1.37. Effective January 1, 2017, Marie D. Incscore of Nash County, James P. Danahy of Guilford County, and Lorraine Benthin of Rockingham County are appointed to the Board of Directors of the North Carolina Partnership for Children, Inc., for terms expiring on December 31, 2019.


SECTION 1.40. Effective on the date this act becomes law, Leslie T. Everett of Pitt County is appointed to the North Carolina Code Officials Qualification Board for a term expiring on June 30, 2018, to fill the unexpired term of Chris Nuckolls.

SECTION 1.41. Effective on the date this act becomes law, Michael Caron of Union County is appointed to the North Carolina Landscape Contractors’ Licensing Board for a term expiring on July 31, 2018.

PART II. SPEAKER'S RECOMMENDATIONS

SECTION 2.1. Karen A. Vaughn of New Hanover County is appointed to the Acupuncture Licensing Board for a term expiring on June 30, 2019.

SECTION 2.2. Effective October 1, 2016, Marvin N. Arrington of Pitt County is appointed to the African-American Heritage Commission for a term expiring on September 30, 2016.

SECTION 2.3. Harold T. Owen of Alamance County is appointed to the Board of Directors of the North Carolina Arboretum for a term expiring on June 30, 2020.

SECTION 2.4. Anthony L. Gordon of Wake County is appointed to the North Carolina Agricultural Finance Authority for a term expiring on June 30, 2019.

SECTION 2.5. Effective October 1, 2016, Craig Fitzgerald of Wake County is appointed to the North Carolina Brain Injury Advisory Council for a term expiring on September 30, 2020.

SECTION 2.6. Kirby J. Robinson of Forsyth County is appointed to the North Carolina State Building Commission for a term expiring on June 30, 2018, to fill the unexpired term of Kent Jackson.

SECTION 2.7. Robert Seligson of Wake County is appointed to the Centennial Authority for a term expiring on June 30, 2020.

SECTION 2.8. Kristin Weaver of Wake County, Brooke H. King of Wayne County, and Amelie F. School of Union County are appointed to the North Carolina Child Care Commission for terms expiring on June 30, 2018.

SECTION 2.9. Charles E. Vines of Mitchell County is appointed to the North Carolina Clean Water Management Trust Fund Board of Trustees for a term expiring on July 1, 2019.

SECTION 2.10. James B. Steele of New Hanover County and Allen Kelly of Wake County are appointed to the North Carolina Code Officials Qualifications Board for terms expiring on June 30, 2020.

SECTION 2.11.(a) Joel R. Shores of Cleveland County is appointed to the Criminal Justice Information Network Governing Board for a term expiring on June 30, 2017, to fill the unexpired term of Robert A. Graves.

SECTION 2.11.(b) William M. Bryan of Nash County is appointed to the Criminal Justice Information Network Governing Board for a term expiring on June 30, 2019, to fill the unexpired term of Norlan Graves.

SECTION 2.12. Effective September 1, 2016, Johnette R. Smith of Wake County, Michael C. Phillips of Wake County, Mary Catherine Stevens of Surry County, Charles E. Campbell, II, of Moore County, and Julia B. Freeman of Haywood County are appointed to the Domestic Violence Commission for terms expiring on August 31, 2018.
SECTION 2.13. Effective December 1, 2016, Russell L. Proctor of Nash County is appointed to the Economic Investment Committee for a term expiring on November 30, 2018.

SECTION 2.14. Effective January 1, 2017, Representative D. Craig Horn of Union County is appointed to the Education Commission of the States for a term expiring on December 31, 2019.

SECTION 2.15. Judith E. Irwin of Johnston County and Anthony D. Fogleman of Cleveland County are appointed to the North Carolina Education and Workforce Innovation Commission for terms expiring on June 30, 2019.

SECTION 2.16. Effective September 1, 2016, Ronda Jones of Stokes County is appointed to the North Carolina Board of Electrolysis Examiners for a term expiring on August 31, 2019.

SECTION 2.17. Effective January 1, 2017, Robert E. Moseley, Jr., of Wake County is appointed to the State Ethics Commission for a term expiring on December 31, 2020.

SECTION 2.18. Michael C. "Mike" Stone of Lee County is appointed to the North Carolina Board of Funeral Service for a term expiring on December 31, 2017, to fill the unexpired term of James B. Combs.


SECTION 2.20. Effective September 1, 2016, David Mark Hullender of Cleveland County is appointed to the Commission on Indigent Defense Services for a term expiring on August 31, 2020.

SECTION 2.21. Effective January 1, 2017, Tammy B. Owens of Wake County, Joe M. Cabaleiro of Wake County, Michael Tramber of Forsyth County, and Cathy L. Swanson of Caldwell County are appointed to the License to Give Trust Fund for terms expiring on December 31, 2018.

SECTION 2.22. Effective January 1, 2017, James M. "Mike" Williams of Henderson County is appointed to the North Carolina Locksmith Licensing Board for a term expiring on December 31, 2019.

SECTION 2.23. Effective January 1, 2017, Charles D. Greene of Forsyth County and Eric S. Cramer of Wake County are appointed to the 911 Board for terms expiring on December 31, 2020.

SECTION 2.24. Jerry O. Pearce of Wake County is appointed to the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for a term expiring on July 1, 2019.

SECTION 2.25.(a) Effective October 1, 2016, William Larry Stone of Cleveland County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2020.

SECTION 2.25.(b) If House Bill 1030, 2016 Regular Session of the 2015 General Assembly becomes law, then effective October 1, 2016, James A. Harrill, III, of Wake County is appointed to the Outdoor Heritage Advisory Council for a term expiring on September 30, 2018.

SECTION 2.26. Lydia Boesch of Moore County is appointed to the North Carolina Parks and Recreation Authority for a term expiring on July 1, 2019.

SECTION 2.27. Daniel L. Gurley of Wake County is appointed to the North Carolina State Ports Authority for a term expiring on June 30, 2018.

SECTION 2.28. Roy E. Carroll of Guilford County is appointed to the North Carolina Railroad Board of Directors for a term expiring on June 30, 2019, to fill the unexpired term of Gervais Oxendine.

SECTION 2.29. Tracy J. Warren of Beaufort County is appointed to the North Carolina Recreational Therapy Licensing Board for a term expiring on June 30, 2019.

SECTION 2.30. Kenneth J. Daidone of Dare County, James W. "Walt" Spruill of Dare County, and Areca J. Oliff of Dare County are appointed to the Roanoke Island Commission for terms expiring on June 30, 2018.

SECTION 2.32. Lige Daughtridge of Nash County and Frank A. Stewart of Gaston County are appointed to the Rural Infrastructure Authority for terms expiring on June 30, 2019.

SECTION 2.33. Donald L. Wells of Vance County is appointed to the North Carolina Board for Licensing of Soil Scientists for a term expiring on June 30, 2019.

SECTION 2.34. Kevin S. Gordon of Cleveland County is appointed to the State Fire and Rescue Commission for a term expiring on June 30, 2019.

SECTION 2.35. Dr. Donald L. Martin, Jr., of Forsyth County is appointed to the Board of Trustees of the State Health Plan for Teachers and State employees for a term expiring on June 30, 2018.


SECTION 2.37. Calvin H. Stiles of Cherokee County is appointed to the State Water Infrastructure Authority for a term expiring on June 30, 2018.

SECTION 2.38. Michael H. Lewis of Wake County is appointed to the Supplemental Retirement Board of Trustees for a term expiring on June 30, 2019.


SECTION 2.40. Justin N. Barefoot of Johnston County and David J. Brown of Yadkin County are appointed to the Well Contractors Certification Commission for terms expiring on June 30, 2019.

SECTION 2.41. Brian Maness of Guilford County is appointed to the Permanency Innovation Initiative Oversight Committee for a term expiring on June 30, 2019.

SECTION 2.42. If House Bill 1146, 2016 Regular Session of the 2015 General Assembly becomes law, then R. Eugene Davis, Jr., of Wake County and Mary Jo Cresimore of Wake County are appointed to the Museum of Art Board of Directors for terms expiring on June 30, 2020.

SECTION 2.43. If House Bill 630, 2016 Regular Session of the 2015 General Assembly becomes law, then Johnny Hutchins of Cleveland County is appointed to the North Carolina Mining Commission for a term beginning June 1, 2016, and expiring on December 31, 2018.

SECTION 2.44.(a) If House Bill 630, 2016 Regular Session of the 2015 General Assembly becomes law, then Dr. Karen Sullivan Glaser of Lee County is appointed to the North Carolina Oil and Gas Commission for a term beginning June 1, 2016, and expiring on December 31, 2018.

SECTION 2.44.(b) If House Bill 630, 2016 Regular Session of the 2015 General Assembly becomes law, then Raymond P. Covington of Guilford County is appointed to the North Carolina Oil and Gas Commission for a term beginning June 1, 2016, and expiring on December 31, 2019.

PART III. SENATE MAJORITY LEADER'S RECOMMENDATION


PART IV. CORRECTIONS

SECTION 4.1. Section 1.12 of S.L. 2015-254 reads as rewritten:

"SECTION 1.12. Effective August 1, 2015, July 1, 2015, J. Frank Bragg of Mecklenburg County is appointed to the Clean Water Management Trust Fund Board of Trustees for a term expiring on July 31, 2017, July 1, 2018."

SECTION 4.2. Section 1.58 of S.L. 2015-254 reads as rewritten:
"SECTION 1.58. Effective September 1, 2015, Sheriff James "Alan" Norman of Cleveland County is appointed to the North Carolina Sheriffs' Education and Training Standards Commission for a term expiring on June 30, 2017-August 31, 2018."

PART V. EFFECTIVE DATE

SECTION 5. Unless otherwise provided, this act becomes effective July 1, 2016. In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-71 H.B. 842

AN ACT TO PROTECT ACCESS TO MEDICAID WAIVERS BY DEPENDENTS OF MEMBERS OF THE ARMED FORCES.

The General Assembly of North Carolina enacts:

SECTION 1. The Department of Health and Human Services shall ensure that the eligibility criteria for Medicaid home- and community-based waivers allow the dependent of a member of the Armed Forces to maintain the dependent's waiver status upon the transfer of the service member to an assignment outside of North Carolina, so long as the service member maintains the State of North Carolina as the legal residence to which the service member intends to return following completion of military service and the dependent meets Medicaid eligibility criteria and all other waiver eligibility criteria upon returning to North Carolina. Consequently, a dependent who is on the waiting list for a waiver slot shall maintain the dependent's position on the waiting list. A dependent who was receiving waiver services prior to the service member's transfer, upon the dependent's return to North Carolina, shall be reinstated to the dependent's waiver slot, if the slot remains available, or shall receive a priority position on the waiting list for the next available waiver slot. This section shall not be construed to authorize the provision of waiver services outside of North Carolina.

SECTION 2. The Department of Health and Human Services shall submit any Medicaid State Plan Amendments or waiver amendments necessary to accomplish the requirements in Section 1 of this act.

SECTION 3. Section 1 of this act becomes effective January 1, 2017. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-72 H.B. 817

AN ACT ENACTING THE UNIFORM ADULT GUARDIANSHIP AND PROTECTIVE PROCEEDINGS JURISDICTION ACT OF 2016.

The General Assembly of North Carolina enacts:

SECTION 1. The General Statutes are amended by adding a new Chapter to read:

"Chapter 35B. Uniform Adult Guardianship and Protective Proceedings Jurisdiction Act."


"§ 35B-1. Short title and legislative purpose."

(a) This Chapter may be cited as the Uniform Adult Guardianship and Protective Proceedings Jurisdiction Act.

(b) The General Assembly of North Carolina finds that there is ambiguity in the law with respect to jurisdiction in guardianship proceedings when more than one state is involved. In order to clarify these jurisdictional concerns and provide the best possible support and protection for incapacitated adults, the Uniform Laws Commission developed the Uniform
Adult Guardianship and Protective Proceedings Jurisdiction Act (UAGPPJA) for consideration by the states. The majority of states have adopted UAGPPJA, and North Carolina's guardianship system would be enhanced by adopting a version of UAGPPJA.

(c) The purpose of this legislation is to provide clear direction to the courts, attorneys, guardians, and individuals about the proper jurisdiction for guardianship proceedings. This Chapter is limited in scope to jurisdiction. The established system in North Carolina for determining incompetency, appointing guardians, and managing estates as governed by Chapter 35A of the North Carolina General Statutes is not affected by this new Chapter.

(d) The public policy goals are as follows:
(1) To ensure that jurisdiction is located in one and only one state; except when an emergency exists or where the individual owns property in multiple states;
(2) To establish procedures for transferring guardianship from one state to another state when the incapacitated adult moves; and
(3) To provide a uniform national system for registration and enforcement of out-of-state guardianship orders.

"§ 35B-2. Definitions.

The following definitions apply in this Chapter:

(1) Adult. – An individual who has attained 18 years of age.
(2) Court. – For purposes of this Chapter, where the word "court" is used, it means the clerk of the superior court to the same extent that the clerk of superior court has original subject matter jurisdiction over incompetency and guardianship proceedings under Chapter 35A of the General Statutes.
(3) General guardian. – "General guardian" has the same meaning as in G.S. 35A-1202. For purposes of this Chapter, (i) the term is limited to general guardians for adults and (ii) the general guardian shall have the same authority to act as the guardian and the guardian of the estate as set forth herein.
(4) Guardian of the estate. – "Guardian of the estate" has the same meaning as in G.S. 35A-1202. For purposes of the Chapter, the term is limited to guardians of the estate for adults.
(5) Guardian of the person. – "Guardian of the person" has the same meaning as in G.S. 35A-1202. For purposes of this Chapter, the term is limited to guardians of the person for adults.
(6) Guardianship order. – An order appointing a guardian of the person or general guardian. For the purposes of this Chapter, an order appointing a guardian of the estate, general guardian, or other order related to the management of an adult's property is referred to as a protective order as defined in subdivision (14) of this section.
(7) Guardianship proceeding. – A judicial proceeding in which an order for the appointment of a guardian of the person or general guardian is sought or has been issued pursuant to Chapter 35A of the General Statutes.
(8) Incapacitated person. – An adult for whom a guardian of the person or general guardian has been appointed.
(9) Incompetency order. – An order adjudicating incompetence of an adult.
(10) Incompetency proceeding. – A judicial proceeding in which an order adjudicating a person to be an incompetent adult is sought or has been issued pursuant to Chapter 35A of the General Statutes.
(11) Party. – The respondent, petitioner, guardian of the person, general guardian, guardian of the estate, or any other person allowed by the court to participate in an incompetency, guardianship, or protective proceeding.
(12) Person. – An individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation,
government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity. This definition does not apply to the terms "incapacitated person" or "protected person."

(13) **Protected person.** – An adult for whom a protective order or general guardianship order has been issued pursuant to Chapter 35A of the General Statutes.

(14) **Protective order.** – An order appointing a guardian of the estate, general guardian, or other order related to management of an adult's property entered pursuant to Chapter 35A of the General Statutes.

(15) **Protective proceeding.** – A judicial proceeding in which an order appointing a general guardian or a protective order is sought or has been issued under Chapter 35A of the General Statutes.

(16) **Record.** – Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(17) **Respondent.** – An adult for whom an adjudication of incompetency, a protective order, or a guardianship order is sought.

(18) **State.** – A state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, a federally recognized Indian tribe, or any territory or insular possession subject to the jurisdiction of the United States.

"§ 35B-3. Proceedings governed by other law.

This Chapter does not govern the following:

(1) Guardianship and guardianship proceedings pertaining to minors less than 18 years of age.

(2) Protective services proceedings pertaining to disabled and older adults pursuant to Articles 6 and 6A of Chapter 108A of the General Statutes.

(3) Domestic violence and civil no-contact proceedings under Chapters 50B and 50C of the General Statutes.

"§ 35B-4. International application.

A court of this State may treat a foreign country as if it were a state for the purpose of applying this Article and Articles 2, 3, and 5 of this Chapter.

"§ 35B-5. Communication between courts.

(a) A court of this State may communicate with a court in another state concerning a proceeding arising under this Chapter. The court may allow the parties to participate in the communication. Except as otherwise provided in subsection (b) of this section, the court shall make a record of the communication. The record may be limited to the fact that the communication occurred.

(b) Courts may communicate concerning schedules, calendars, court records, and other administrative matters without making a record.

"§ 35B-6. Cooperation between courts.

(a) In an incompetency, guardianship, or protective proceeding in this State, a court of this State may request the appropriate court of another state to do any of the following:

(1) Hold an evidentiary hearing.

(2) Order a person in that state to produce evidence or give testimony pursuant to procedures of that state.

(3) Order that an evaluation or assessment be made of the respondent.

(4) Order any appropriate investigation of a person involved in a proceeding.

(5) Forward to the court of this State a certified copy of the transcript or other record of a hearing under subdivision (1) of this section or any other proceeding, any evidence otherwise produced under subdivision (2) of this section, and any evaluation or assessment prepared in compliance with an order under subdivision (3) or (4) of this section.
(6) Issue any order necessary to assure the appearance in the proceeding of a person whose presence is necessary for the court to make a determination, including the respondent or the incapacitated or protected person.

(7) Issue an order authorizing the release of medical, financial, criminal, or other relevant information in that state, including protected health information as defined in 45 C.F.R. § 160.103, as from time to time amended.

(b) If a court of another state in which an incompetency, guardianship, or protective proceeding is pending requests assistance of the kind provided in subsection (a) of this section, a court of this State has jurisdiction for the limited purpose of granting the request or making reasonable efforts to comply with the request.

§ 35B-7. Taking testimony in another state.

(a) In an incompetency, guardianship, or protective proceeding, in addition to other procedures that may be available, testimony of a witness who is located in another state may be offered by deposition or other means allowable in this State for testimony taken in another state. The court on its own motion may order that the testimony of a witness be taken in another state and may prescribe the manner in which and the terms upon which the testimony is to be taken.

(b) In an incompetency, guardianship, or protective proceeding, a court in this State may permit a witness located in another state to be deposed or to testify by telephone or audiovisual or other electronic means. A court of this State shall cooperate with the court of the other state in designating an appropriate location for the deposition or testimony.

(c) Documentary evidence transmitted from another state to a court of this State by technological means that do not produce an original writing may not be excluded from evidence on an objection based on the best evidence rule.

"Article 2.
"Jurisdiction.


(a) The following definitions apply in this Article:

(1) Emergency. – A circumstance that likely will result in substantial harm to a respondent's health, safety, or welfare, and for which the appointment of a guardian of the person is necessary because no other person has authority and is willing to act on the respondent's behalf.

(2) Home state. – The state in which the respondent was physically present, including any period of temporary absence, for at least six consecutive months immediately before the filing of a petition for the adjudication of incompetence; or if none, the state in which the respondent was physically present, including any period of temporary absence, for at least six consecutive months ending within the six months prior to the filing of the petition for the adjudication of incompetence.

(3) Significant-connection state. – A state, other than the home state, with which a respondent has a significant connection other than mere physical presence and in which substantial evidence concerning the respondent is available.

(b) In determining under G.S. 35B-10 and G.S. 35B-17(e) whether a respondent has a significant connection with a particular state, the court shall consider:

(1) The location of the respondent's family and other persons required to be notified of the incompetency, guardianship, or protective proceeding.

(2) The length of time the respondent at any time was physically present in the state and the duration of any absence.

(3) The location of the respondent's property.

(4) The extent to which the respondent has ties to the state such as voting registration, state or local tax return filing, vehicle registration, drivers license, social relationship, and receipt of services.
“§ 35B-9. Exclusive jurisdictional basis.
This Article provides the exclusive jurisdictional basis for a court of this State to adjudicate incompetence, appoint a general guardian or guardian of the person, or issue a protective order for an adult.

“§ 35B-10. Jurisdiction.
Notwithstanding the provisions of G.S. 1-75.4(1), a court of this State has jurisdiction to adjudicate incompetence, appoint a general guardian or guardian of the person, or issue a protective order for a respondent only if:

1. This State is the respondent's home state; or
2. On the date the petition for the adjudication of incompetence is filed, this State is a significant-connection state and either of the following is true:
   a. The respondent does not have a home state, or a court of the respondent's home state has declined to exercise jurisdiction because this State is a more appropriate forum.
   b. The respondent has a home state, a petition for an appointment or order is not pending in a court of that state or another significant-connection state, and, before the court makes the appointment or issues the order, all of the following are true:
      1. A petition for an appointment or order is not filed in the respondent's home state.
      2. An objection to the court's jurisdiction is not filed by a person required to be notified of the proceeding.
      3. The court in this State concludes that it is an appropriate forum under the factors set forth in G.S. 35B-13; or
3. This State does not have jurisdiction under either subdivision (1) or (2) of this section, the respondent's home state and all significant-connection states have declined to exercise jurisdiction because this State is the more appropriate forum, and jurisdiction in this State is consistent with the constitutions of this State and the United States; or
4. The requirements for special jurisdiction under G.S. 35B-11 are met.

(a) A court of this State lacking jurisdiction under G.S. 35B-10 has special jurisdiction to do any of the following:

1. Appoint a guardian of the person in an emergency for a term not exceeding 90 days for a respondent who is physically present in this State.
2. Issue a protective order with respect to real or tangible personal property located in this State.
3. Appoint a general guardian, guardian of the person, or guardian of the estate for an incapacitated or protected person for whom a provisional order to transfer the proceeding from another state has been issued under procedures similar to G.S. 35B-17.

(b) If a petition for the adjudication of incompetence and application for the appointment of a guardian of the person in an emergency is brought in this State and this State was not the respondent's home state on the date the petition was filed, the court shall dismiss the proceeding at the request of the court of the home state, if any, whether dismissal is requested before or after the emergency appointment.

“§ 35B-12. Exclusive and continuing jurisdiction.
Except as otherwise provided in G.S. 35B-11, a court that has appointed a general guardian or guardian of the person or issued a protective order consistent with this Chapter has exclusive and continuing jurisdiction over the proceeding until it is terminated by the court or the appointment or order expires by its own terms.

(a) A court of this State having jurisdiction under G.S. 35B-10 to adjudicate incompetence, appoint a general guardian or a guardian of the person, or issue a protective order may decline to exercise its jurisdiction if it determines at any time that a court of another state is a more appropriate forum.

(b) If a court of this State declines to exercise its jurisdiction under subsection (a) of this section, it shall either dismiss or stay the proceeding. The court may impose any condition the court considers just and proper, including the condition that a petition for the appointment of a general guardian or guardian of the person or issuance of a protective order be filed promptly in another state.

(c) In determining whether it is an appropriate forum, the court shall consider all relevant factors, including:

(1) Any expressed preference of the respondent.
(2) Whether abuse, neglect, or exploitation of the respondent has occurred or is likely to occur and which state could best protect the respondent from the abuse, neglect, or exploitation.
(3) The length of time the respondent was physically present in or was a legal resident of this or another state.
(4) The distance of the respondent from the court in each state.
(5) The financial circumstances of the respondent's estate.
(6) The nature and location of the evidence.
(7) The ability of the court in each state to decide the issue expeditiously and the procedures necessary to present evidence.
(8) The familiarity of the court of each state with the facts and issues in the proceeding.
(9) If an appointment was made, the court's ability to monitor the conduct of the guardian or guardian of the estate.

§ 35B-14. Jurisdiction declined by reason of conduct.

(a) If at any time a court of this State determines that it acquired jurisdiction to adjudicate incompetence, appoint a general guardian or guardian of the person, or issue a protective order because of unjustifiable conduct, the court may do any of the following:

(1) Decline to exercise jurisdiction.
(2) Exercise jurisdiction for the limited purpose of fashioning an appropriate remedy to ensure the health, safety, and welfare of the respondent or prevent a repetition of the unjustifiable conduct, including staying the proceeding until a petition for the appointment of a general guardian or guardian of the person or issuance of a protective order is filed in a court of another state having jurisdiction.
(3) Continue to exercise jurisdiction after considering all of the following:
   a. The extent to which the respondent and all persons required to be notified of the proceedings have acquiesced in the exercise of the court's jurisdiction.
   b. Whether it is a more appropriate forum than the court of any other state under the factors set forth in G.S. 35B-13(c).
   c. Whether the court of any other state would have jurisdiction under factual circumstances in substantial conformity with the jurisdictional standards of G.S. 35B-10.

(b) If a court of this State determines that it acquired jurisdiction to adjudicate incompetence, appoint a general guardian or guardian of the person, or issue a protective order because a party seeking to invoke its jurisdiction engaged in unjustifiable conduct, it may assess against that party necessary and reasonable expenses, including attorneys' fees, investigative fees, court costs, communication expenses, witness fees and expenses, and travel expenses. The court may not assess fees, costs, or expenses of any kind against this State or a
governmental subdivision, agency, or instrumentality of this State unless authorized by law other than the Uniform Adult Guardianship and Protective Proceedings Jurisdiction Act.


If a petition for the adjudication of incompetence or application for the appointment of a general guardian or guardian of the person or issuance of a protective order is brought in this State and this State was not the respondent's home state on the date the petition was filed, in addition to complying with the notice requirements of this State, notice of the petition must be given to those persons who would be entitled to notice of the petition if a proceeding were brought in the respondent's home state. The notice must be given in the same manner as notice is required to be given in this State.

§ 35B-16. Proceedings in more than one state.

Except for a petition for the appointment of a guardian of the person in an emergency or issuance of a protective order limited to property located in this State under G.S. 35B-11(a)(1) or (a)(2), if a petition for the adjudication of incompetence, appointment of a general guardian or guardian of the person, or issuance of a protective order is filed in this State and in another state and neither petition has been dismissed or withdrawn, the following rules apply:

(1) If the court in this State has jurisdiction under G.S. 35B-10, it may proceed with the case unless a court in another state acquires jurisdiction under provisions similar to G.S. 35B-10 before the appointment or issuance of the order.

(2) If the court in this State does not have jurisdiction under G.S. 35B-10, whether at the time the petition for the adjudication of incompetence is filed or at any time before the appointment or issuance of the guardianship or protective order, the court shall stay the proceeding and communicate with the court in the other state. If the court in the other state has jurisdiction, the court in this State shall dismiss the petition unless the court in the other state determines that the court in this State is a more appropriate forum.

"Article 3.

§ 35B-17. Transfer of general guardianship, guardianship of the person, or guardianship of the estate to another state.

(a) A general guardian, guardian of the person, or guardian of the estate appointed in this State may petition the court to transfer the incompetency proceeding and the general guardianship, guardianship of the person, or guardianship of the estate to another state, respectively.

(b) Notice of a petition under subsection (a) of this section must be given to the persons that would be entitled to notice of a petition in this State for the adjudication of incompetence and the application for the appointment of a general guardian, guardian of the person, or guardian of the estate.

(c) On the court's own motion or on request of the general guardian, guardian of the person, or guardian of the estate, the incapacitated or protected person, or other person required to be notified of the petition, the court shall hold a hearing on a petition filed pursuant to subsection (a) of this section.

(d) The court shall issue a provisional order granting a petition to transfer the incompetency proceeding and guardianship of the person and shall direct the guardian of the person to petition for guardianship of the person in the other state if the court is satisfied that the guardianship of the person will be accepted by the court in the other state and the court finds all of the following:

(1) The incapacitated person is physically present in or is reasonably expected to move permanently to the other state.

(2) An objection to the transfer has not been made or, if an objection has been made, the objector has not established that the transfer would be contrary to the interests of the incapacitated person.
(3) Plans for care and services for the incapacitated person in the other state are reasonable and sufficient.

g) The court shall issue a provisional order granting a petition to transfer the incompetency proceeding and guardianship of the estate and shall direct the guardian of the estate to petition for guardianship of the estate in the other state if the court is satisfied that the guardianship of the estate will be accepted by the court of the other state and the court finds all of the following:

1. The protected person is physically present in or is reasonably expected to move permanently to the other state, or the protected person has a significant connection to the other state considering the factors in G.S. 35B-8(b).

2. An objection to the transfer has not been made or, if an objection has been made, the objector has not established that the transfer would be contrary to the interests of the protected person.

3. Adequate arrangements will be made for management of the protected person's property.

f) The court shall issue a provisional order granting a petition to transfer the incompetency proceeding and general guardianship and shall direct the general guardian to petition for general guardianship in the other state if the court is satisfied that the general guardianship will be accepted by the court of the other state and the court finds the existence of the factors set forth in subdivisions (1), (2), and (3) of subsection (d) and subdivisions (1), (2), and (3) of subsection (e) of this section.

(g) The court shall issue a final order confirming the transfer and terminating the incompetency proceeding and the general guardianship, guardianship of the person, or guardianship of the estate upon its receipt of all of the following:

1. A provisional order accepting the proceeding from the court to which the proceeding is to be transferred which is issued under provisions similar to G.S. 35B-18.

2. The documents required to terminate a general guardianship, guardianship of the person, or guardianship of the estate in this State.

§ 35B-18. Accepting guardianship, guardianship of the person, or guardianship of the estate transferred from another state.

(a) To confirm transfer of a general guardianship, guardianship of the person, or guardianship of the estate transferred to this State under provisions similar to G.S. 35B-17, the general guardian, guardian of the person, or guardian of the estate must petition the court in this State to accept the general guardianship, guardianship of the person, or guardianship of the estate. The petition must include a certified copy of the other state's provisional order of transfer.

(b) Notice of a petition under subsection (a) of this section must be given to those persons that would be entitled to notice if the petition were a petition for the adjudication of incompetence or the application for the appointment of a guardian of the person or general guardian or issuance of a protective order in both the transferring state and this State. The notice must be given in the same manner as notice is required to be given in this State.

(c) On the court's own motion or on request of the general guardian, guardian of the person, or guardian of the estate, the incapacitated or protected person, or other person required to be notified of the proceeding, the court shall hold a hearing on a petition filed pursuant to subsection (a) of this section.

(d) The court shall issue a provisional order granting a petition filed under subsection (a) of this section unless either of the following is true:

1. An objection is made and the objector establishes that transfer of the proceeding would be contrary to the interests of the incapacitated or protected person.

2. The general guardian, guardian of the person, or guardian of the estate is ineligible for appointment in this State.
(e) The court shall issue a final order accepting the proceeding and appointing the general guardian, guardian of the person, or guardian of the estate as the general guardian, guardian of the person, or guardian of the estate in this State upon its receipt from the court from which the proceeding is being transferred of a final order issued under provisions similar to G.S. 35B-17 transferring the proceeding to this State.

(f) Not later than 90 days after issuance of a final order accepting transfer of a general guardianship, guardianship of the person, or guardianship of the estate, the court shall determine whether the general guardianship, guardianship of the person, or guardianship of the estate needs to be modified to conform to the law of this State.

(g) In granting a petition under this section, the court shall recognize a general guardianship, guardianship of the person, or guardianship of the estate order from the other state, including the determination of the incapacitated or protected person's incapacity and the appointment of the general guardian, guardian of the person, or guardian of the estate.

(h) The denial by a court of this State of a petition to accept a general guardianship, guardianship of the person, or guardianship of the estate transferred from another state does not affect the ability of the general guardian, guardian of the person, or guardian of the estate to seek appointment as general guardian, guardian of the person, or guardian of the estate in this State under Subchapter II of Chapter 35A of the General Statutes if the court has jurisdiction to make an appointment other than by reason of the provisional order of transfer.

"Article 4.

"Registration and Recognition of Orders From Other States.


If a guardian of the person has been appointed in another state and a petition for the adjudication of incompetence or an application for the appointment of a guardian of the person is not pending in this State, the guardian of the person appointed in the other state, after giving notice to the appointing court of an intent to register, may register the guardianship of the person order in this State by filing as a foreign judgment in a court, in any appropriate county of this State, certified copies of the order and letters of office.

"§ 35B-20. Registration of protective orders and general guardianship orders.

If a guardian of the estate or general guardian has been appointed in another state and a petition for the adjudication of incompetence or an application for the issuance of a protective order is not pending in this State, the guardian of the estate or general guardian appointed in the other state, after giving notice to the appointing court of an intent to register, may register the protective order or general guardianship in this State by filing as a foreign judgment in a court of this State, in any county in which property belonging to the protected person is located, certified copies of the order and letters of office and of any bond.


(a) Upon registration of a general guardianship, guardianship of the person, or protective order from another state, the general guardian, guardian of the person, or guardian of the estate may exercise in this State all powers authorized in the order of appointment except as prohibited under the laws of this State, including maintaining actions and proceedings in this State and, if the general guardian, guardian of the person, or guardian of the estate is not a resident of this State, subject to any conditions imposed upon nonresident parties.

(b) A court of this State may grant any relief available under this Chapter and other law of this State to enforce a registered order.

"Article 5.

"Miscellaneous Provisions.

"§ 35B-22. Uniformity of application and construction.

In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.


This Chapter modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001, et seq., but does not modify, limit, or
supersede section 101(c) of that act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in section 103(b) of that act, 15 U.S.C. § 7003(b)."

SECTION 2. G.S. 35A-1113 is repealed.

SECTION 3. Nothing in this act shall be construed to otherwise affect the requirements for seeking an ancillary guardianship under G.S. 35A-1280 or for petitioning the court for the removal of personality from the State under G.S. 35A-1281.

SECTION 4. This act becomes effective December 1, 2016, and applies to multistate guardianship and protective proceedings initiated on or after that date. Articles 1, 3, and 4 of Chapter 35B of the General Statutes, as enacted by Section 1 of this act, and G.S. 35B-22 and G.S. 35B-23, as enacted by Section 1 of this act, apply to proceedings initiated prior to December 1, 2016, regardless of whether an incompetency, guardianship, or protective order has been issued.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-73

AN ACT TO MAKE VARIOUS AMENDMENTS TO THE LAWS REGARDING THE INNOCENCE COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 15A-1460 reads as rewritten:


The following definitions apply in this Article:

(1) "Claim of factual innocence" means a claim on behalf of a living person convicted of a felony in the General Court of Justice of the State of North Carolina, asserting the complete innocence of any criminal responsibility for the felony for which the person was convicted and for any other reduced level of criminal responsibility relating to the crime, and for which there is some credible, verifiable evidence of innocence that has not previously been presented at trial or considered at a hearing granted through postconviction relief.

(1a) "Claimant" means a person asserting that he or she is completely innocent of any criminal responsibility for a felony crime upon which the person was convicted and for any other reduced level of criminal responsibility relating to the crime.

(2) "Commission" means the North Carolina Innocence Inquiry Commission established by this Article.

(3) "Director" means the Director of the North Carolina Innocence Inquiry Commission.

(3a) "Formal inquiry" means the stage of an investigation when the Commission has entered into a signed agreement with the original claimant and the Commission has made efforts to notify the victim.

(4) "Victim" means the victim of the crime, or if the victim of the crime is deceased, the next of kin of the victim."

SECTION 2. G.S. 15A-1465(a) reads as rewritten:

"(a) The Commission shall employ a Director. The Director shall report to the Director of the Administrative Office of the Courts, who shall consult with the Commission chair. The Director shall be an attorney licensed to practice in North Carolina at the time of appointment and at all times during service as Director. The Director shall assist the Commission in developing rules and standards for cases accepted for review, coordinate investigation of cases accepted for review, maintain records for all case investigations, prepare reports outlining Commission investigations and recommendations to the trial court, and apply
for and accept on behalf of the Commission any funds that may become available from
government grants, private gifts, donations, or devises from any source."

SECTION 3. G.S. 15A-1467 reads as rewritten:

"§ 15A-1467. Claims of innocence; waiver of convicted person's procedural safeguards
and privileges; formal inquiry; notification of the crime victim.

(a) A claim of factual innocence for any conviction may be referred to the Commission
by any court, a State or local agency, a claimant, or a claimant's counsel. A claim of factual
innocence for convictions of homicide pursuant to Article 6 of Chapter 14 of the General
Statutes, robbery pursuant to Article 17 of Chapter 14 of the General Statutes, any offense
requiring registration pursuant to Article 27A of Chapter 14 of the General Statutes, and any
Class A through E felony may be made directly by the claimant. The Commission shall not
consider a claim of factual innocence if the convicted person is deceased. A claimant who
received notice pursuant to subsection (c1) of this section and did not make a claim of factual
innocence shall be barred from investigation of a claim of factual innocence by the
Commission absent a showing of good cause and approval of the Commission Chair. The
determination of whether to grant a formal inquiry regarding any other claim of factual
innocence is in the discretion of the Commission. The Commission may informally screen
and dismiss a case summarily at its discretion.

(b) No formal inquiry into a claim of innocence shall be made by the Commission
unless the Director or the Director's designee first obtains a signed agreement from the
convicted person in which the convicted person waives his or her procedural safeguards and
privileges, agrees to cooperate with the Commission, and agrees to provide full disclosure
regarding all inquiry requirements of the Commission. The waiver under this subsection does
not apply to matters unrelated to a convicted person's claim of innocence. The convicted person
shall have the right to advice of counsel prior to the execution of the agreement and, if a formal
inquiry is granted, throughout the formal inquiry. If counsel represents the convicted person,
then the convicted person's counsel must be present at the signing of the agreement. If counsel
does not represent the convicted person, the Commission Chair shall determine the convicted
person's indigency status and, if appropriate, enter an order for the appointment of counsel by
Indigent Defense Services for the purpose of advising on the agreement. If the convicted person
has requested a specific attorney with knowledge of the case, the Director shall inform Indigent
Defense Services of that request for their consideration.

(b1) Forensic testing and claimant interviews shall not be conducted by the Commission
prior to obtaining a signed agreement from the convicted person.

(c1) Absent a showing of good cause and approval of the Commission chair, if a formal
inquiry regarding a claim of factual innocence is granted, the Commission shall use all due
diligence to notify each codefendant of the claim that an investigation will be conducted and
that if the codefendant wishes to also file a claim, they must do so within 60 days from receipt
of the notice or their claim may be barred from future investigation by the Commission.

(c2) If a formal inquiry regarding a claim of factual innocence is granted, the Director
shall provide a confidential case status update for each case in formal inquiry to (i) the District
Attorney and (ii) the convicted person, or counsel, if any, at least once every six months. If
there is no defense counsel, the update shall be provided to the District Attorney, the convicted
person, and referring counsel, if any. The case status update shall include a summary of the
actions taken since the last update and the results of any forensic testing that has been
conducted.


(a) At the completion of a formal inquiry, all relevant evidence shall be presented to the
full Commission. As part of its proceedings, the Commission may conduct public hearings. The
determination as to whether to conduct public hearings is solely in the discretion of the
Commission in a public hearing. Any public hearing held in accordance with this section shall be subject to the Commission’s rules of operation. The Commission’s rules of operation shall not exclude the district attorney or defense counsel from any portion of the hearing.

(a1) The Commission may compel the testimony of any witness. If a witness asserts his or her privilege against self-incrimination in a proceeding under this Article, the Commission chair, in the chair’s judicial capacity, may order the witness to testify or produce other information if the chair first determines that the witness’s testimony will likely be material to the investigation and necessary to reach a correct factual determination in the case at hand. However, the Commission chair shall not order the witness to testify or produce other information that would incriminate the witness in the prosecution of any offense other than an offense for which the witness is granted immunity under this subsection. The order shall prevent a prosecutor from using the compelled testimony, or evidence derived therefrom, to prosecute the witness for previous false statements made under oath by the witness in prior proceedings. The prosecutor has a right to be heard by the Commission chair prior to the chair issuing the order. Once granted, the immunity shall apply throughout all proceedings conducted pursuant to this Article. The limited immunity granted under this section shall not prohibit prosecution of statements made under oath that are unrelated to the Commission’s formal inquiry, false statements made under oath during proceedings under this Article, or prosecution for any other crimes.

(a2) The Innocence Inquiry Commission shall include, as part of its rules of operation, the holding of a prehearing conference to be held at least 10 days prior to any proceedings of the full Commission. Only the following persons shall be notified and authorized to attend the prehearing conference: the District Attorney, or the District Attorney's designee, of the district where the claimant was convicted of the felony upon which the claim of factual innocence is based; the claimant's counsel, if any; the Chair of the Commission; the Executive Director of the Commission; and any Commission staff designated by the Director. The District Attorney, or designee, shall be provided (i) an opportunity to inspect any evidence that may be presented to the Commission that has not previously been presented to any judicial officer or body and (ii) any information that the District Attorney, or the District Attorney's designee, deems relevant to the proceedings. Prior to 72 hours prior to any Commission proceedings, the District Attorney or designee is authorized to provide the Commission with a written statement, which shall be included in the record of the Commission’s proceedings. Any statement included in the record shall be part of the Commission’s record of proceedings pursuant to subsection (c) of this section part of the record.

(b) The Director shall use all due diligence to notify the victim at least 30 days prior to any proceedings of the full Commission held in regard to the victim's case. The Commission shall notify the victim that the victim is permitted to attend proceedings otherwise closed to the public, subject to any limitations imposed by this Article. If the victim plans to attend proceedings otherwise closed to the public, the victim shall notify the Commission at least 10 days in advance of the proceedings of his or her intent to attend.

(c) After hearing the evidence, the full Commission shall vote to establish further case disposition as provided by this subsection. All eight voting members of the Commission shall participate in that vote. Except in cases where the convicted person entered and was convicted on a plea of guilty, if five or more of the eight voting members of the Commission conclude there is sufficient evidence of factual innocence to merit judicial review, the case shall be referred to the senior resident superior court judge in the district of original jurisdiction by filing with the clerk of court the opinion of the Commission with supporting findings of fact, as well as the record in support of such opinion, with service on the convicted person or the convicted person’s counsel, if any, and the district attorney in noncapital cases and or service on both the district attorney and Attorney General in capital cases. In cases where the convicted person entered and was convicted on a plea of guilty, if all of the eight voting members of the Commission conclude
There is sufficient evidence of factual innocence to merit judicial review, the case shall be referred to the senior resident superior court judge in the district of original jurisdiction.

If less than five of the eight voting members of the Commission, or in cases where the convicted person entered and was convicted on a guilty plea less than all of the eight voting members of the Commission, conclude there is sufficient evidence of factual innocence to merit judicial review, the Commission shall conclude there is insufficient evidence of factual innocence to merit judicial review. The Commission shall document that opinion, along with supporting findings of fact, and file those documents and supporting materials with the clerk of superior court in the district of original jurisdiction, with a copy to the convicted person or the convicted person's counsel, if any, the district attorney and the senior resident superior court judge.

The Director of the Commission shall use all due diligence to notify immediately the victim of the Commission's conclusion in a case.

(d) Evidence of criminal acts, professional misconduct, or other wrongdoing disclosed through formal inquiry or Commission proceedings shall be referred to the appropriate authority. Evidence favorable to the convicted person disclosed through formal inquiry or Commission proceedings shall be disclosed to the convicted person and the convicted person's counsel, if the convicted person has counsel.

(e) All proceedings of the Commission shall be recorded and transcribed as part of the record. All Commission member votes shall be recorded in the record. All records and proceedings of the Commission are confidential and are exempt from public record and public meeting laws except that the supporting records for the Commission's conclusion that there is sufficient evidence of factual innocence to merit judicial review, including all files and materials considered by the Commission and a full transcript of the hearing before the Commission, shall become public at the time of referral to the superior court as required in subsection (c) of this section. Commission records for conclusions of insufficient evidence of factual innocence to merit judicial review shall remain confidential, except as provided in subsection (d) of this section.

(f) At any point in the formal inquiry regarding a claim of factual innocence, the District Attorney and the convicted person or the convicted person's counsel may agree that there is sufficient evidence of factual innocence to merit judicial review by the three-judge panel and bypass the eight-member panel. The Director and the Chair of the Commission shall be notified in writing of any such agreement.

(g) Except as otherwise provided in this section, all files and records not filed with the clerk of superior court or presented at the Commission hearings are confidential and exempt from the public record. If the Commission concludes there is sufficient evidence of factual innocence to merit judicial review, the Commission shall make a copy of the entire file available to the district attorney and defense counsel. Upon availability, the Commission shall provide the district attorney and defense counsel a copy of the uncertified and certified transcript of the Commission's proceedings. Absent a judicial finding of malicious conduct, the Commission and Commission staff shall not be civilly liable for acting in compliance with this subsection.

(h) With respect to the evidence presented to the three-judge panel, the district attorney and defense counsel may determine which evidence, if any, will be presented to the three-judge panel.

SECTION 5. G.S. 15A-1469 reads as rewritten:

§ 15A-1469. Postcommission three-judge panel.

(a) If the Commission concludes or the district attorney and the convicted person's counsel agree pursuant to G.S. 15A-1468(f) there is sufficient evidence of factual innocence to merit judicial review, the Chair of the Commission shall request the Chief Justice to appoint a three-judge panel, not to include any trial judge that has had substantial previous involvement in the case, and issue commissions to the members of the three-judge panel to convene a special session of the superior court of the original jurisdiction to hear evidence
relevant to the Commission's recommendation. The senior judge of the panel shall preside. The Chief Justice shall appoint the three-judge panel within 20 days of the filing of the Commission's opinion finding sufficient evidence of factual innocence to merit judicial review.

(b) The senior resident superior court judge in the district of original jurisdiction shall enter an order setting the case for hearing at the special session of superior court for which the three-judge panel is commissioned and shall require the State to file a response to the Commission's opinion within 90 days of the date of the order. Such response, at the time of original filing or through amendment at any time before or during the proceedings, may include joining the defense in a motion to dismiss the charges with prejudice on the basis of innocence.

(b1) The Commission's entire file, including files obtained from other agencies, shall be unencumbered by protective orders when transferred to the district attorney and defense counsel pursuant to subsection (e) of this section, unless either of the following apply:

(1) The district attorney and defense counsel have consented to a protective order over a portion of the file.

(2) The district attorney and defense counsel have been given an opportunity to be heard by the senior judge of the three-judge panel before a protective order is issued.

(e) The senior resident superior court judge in the district of original jurisdiction shall determine the convicted person's indigency status and, if appropriate, enter an order for the appointment of counsel by Indigent Defense Services. If the convicted person has requested a specific attorney with knowledge of the case, the Director shall inform Indigent Defense Services of that request for their consideration. The court may also enter an order relieving an indigent convicted person of all or a portion of the costs of the proceedings.

SECTION 6. This act becomes effective August 1, 2016, and applies to any claim filed on or after that date and any claim pending on that date. However, nothing in this act shall abate a claim filed prior to that date or invalidate any action taken on a claim prior to that date.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-74

H.B. 594

AN ACT TO MODIFY THE REQUIREMENTS FOR MOTOR VEHICLE DEALER RECORDS RETENTION, AVAILABILITY FOR INSPECTION BY THE DIVISION OF MOTOR VEHICLES, AND FORMAT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-297 reads as rewritten:

"§ 20-297. Retention and inspection of certain records.

(a) Vehicles. – A dealer must keep a record of all vehicles received by the dealer and all vehicles sold by the dealer. The records must contain the information that the Division requires and be made available for inspection by the Division within a reasonable period of time after being requested by the Division. A dealer may keep the record-keeping requirements contained in this subsection either by (i) keeping and maintaining written or paper records at the dealership facility where the vehicles were sold or at another location, or (ii) maintaining electronic copies of the records required by this subsection, provided that the Division shall have access to these electronic records from a location within this State. For purposes of this section, the location where dealership written or
electronic records are kept and maintained may be owned and operated by a party other than the dealer.

(b) Inspection. – The Division may inspect the pertinent books, records, letters, and contracts of a licensee relating to any written complaint made to the Division against the licensee.

(c) Records Format. – Any record required to be kept and maintained under this section may be converted to electronic form and retained by a dealer in electronic form without retention of the original or any copies of the record in paper or other nonelectronic form.”

SECTION 2. The Department of Transportation, Division of Motor Vehicles, shall adopt rules consistent with the provisions of this act. Rules adopted pursuant to this section shall not be subject to G.S. 150B-19.1(e), 150B-19.1(f), and 150B-21.4.

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-75

AN ACT TO DIRECT THE DIVISION OF MOTOR VEHICLES TO USE A CERTAIN DESIGNATION ON DRIVERS LICENSES WHEN LISTING THE RACE OF AN APPLICANT WHO IS AMERICAN INDIAN.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-7(n) reads as rewritten:

"(n) Format. – A driver's license issued by the Division must be tamperproof and must contain all of the following information:

…

The Commissioner shall ensure that applicants 21 years old or older are issued drivers licenses and special identification cards that are printed in a horizontal format. The Commissioner shall ensure that applicants under the age of 21 are issued drivers licenses and special identification cards that are printed in a vertical format, that distinguishes them from the horizontal format, for ease of identification of individuals under age 21 by members of industries that regulate controlled products that are sale restricted by age and law enforcement officers enforcing these laws.

At the request of an applicant for a driver's license, a license issued to the applicant must contain the applicant's race, which shall be designated with the letters "AI" for an applicant who is American Indian.”

SECTION 2. This act becomes effective October 1, 2016, and applies to drivers licenses issued or renewed on or after that date.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-76

AN ACT TO MODIFY WHEN THE LIEN FOR DEFERRED TAXES ON LAND ELIGIBLE FOR PRESENT-USE VALUE CLASSIFICATION IS EXTINGUISHED IN ORDER TO PROMOTE SALES FOR LAND CONSERVATION USES AND TO ALLOW A TAXPAYER TO CONTEST A DENIAL OF A CLAIM FOR REFUND WHICH THE DEPARTMENT OF REVENUE DETERMINES TO BE OUTSIDE THE STATUTE OF LIMITATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-277.4 reads as rewritten:
§ 105-277.4. Agricultural, horticultural and forestland. – Application; appraisal at use value; appeal; deferred taxes.

... (d) Exceptions. – Notwithstanding the provisions of subsection (c) of this section, if property loses its eligibility for present use value classification solely due to one of the following reasons, no deferred taxes are due and the lien for the deferred taxes is extinguished:

(1) There is a change in income caused by enrollment of the property in the federal conservation reserve program established under 16 U.S.C. Chapter 58, then no deferred taxes are due and the lien for the deferred taxes is extinguished.

(2) The property is conveyed by gift to a nonprofit organization and qualifies for exclusion from the tax base pursuant to G.S. 105-275(12) or G.S. 105-275(29).

(3) The property is conveyed by gift to the State, a political subdivision of the State, or the United States.

(d1) Variable Exception. – Notwithstanding the provisions of subsection (c) of this section, if property loses its eligibility for present-use value classification because the property is conveyed to a nonprofit organization and qualifies for exclusion from the tax base pursuant to G.S. 105-275(12) or G.S. 105-275(29) or to the State, a political subdivision of the State, or the United States, then deferred taxes are due as follows:

(1) If the property is conveyed at or below present-use value, then no deferred taxes are due, and the lien for the deferred taxes is extinguished.

(2) If the property is conveyed for more than present-use value, then a portion of the deferred taxes for the preceding three fiscal years is due and payable in accordance with G.S. 105-277.1F. The portion due is equal to the lesser of the amount of the deferred taxes or the deferred taxes multiplied by a fraction, the numerator of which is the sale price of the property minus the present-use value of the property and the denominator of which is the true value of the property minus the present-use value of the property.

..."

SECTION 2.(a) G.S. 105-241.7 is amended by adding a new subsection to read:

"(c1) Action on Request Regarding Statute of Limitations. – When the taxpayer files an amended return or a claim for refund which the Department determines to be outside the statute of limitations, the Department must deny the refund and send the taxpayer a notice of denial."

SECTION 2.(b) G.S. 105-241.15 reads as rewritten:

"§ 105-241.15. Contested case hearing on final determination.

(a) Contest Final Determination. – A taxpayer who disagrees with a notice of final determination issued by the Department may contest the determination by filing a petition for a contested case hearing at the Office of Administrative Hearings in accordance with Article 3 of Chapter 150B of the General Statutes. A taxpayer may file a petition for a contested case hearing only if the taxpayer has exhausted the prehearing remedy. A taxpayer's prehearing remedy is exhausted when the Department issues a final determination after conducting a review and a conference.

(b) Contest Statute of Limitations. – A taxpayer who disagrees with a notice of denial issued by the Department pursuant to G.S. 105-241.7(c1) may contest the statute of limitations determination by filing a petition for a contested case hearing at the office of Administrative Hearings in accordance with Article 3 of Chapter 150B of the General Statutes on the sole issue of whether the statute of limitations bars the taxpayer's claim. A final decision by the administrative law judge regarding the statute of limitations is subject to judicial review under Article 4 of Chapter 150B of the General Statutes and under G.S. 105-241.16. In the event judicial review of the decision is not sought and the final decision is that the taxpayer's claim was not barred by the statute of limitations, then the administrative law judge must remand the
matter to the Department for consideration of the substantive issues. In the event judicial review is sought and it is finally determined that the taxpayer's claim was not barred by the statute of limitations, then the matter shall be remanded to the Department for consideration of the substantive issues. Any remand shall be regarded as a new amended return or claim for refund timely filed within the statute of limitations under G.S. 105-241.7(c).

SECTION 2.(c) Notwithstanding Article 9 of Chapter 105 of the General Statutes, a taxpayer may contest a determination issued prior to the enactment of this section that an amended return or claim for refund was filed outside the statute of limitations if both of the following conditions are met:

1. The Department of Revenue determined that the amended return or claim for refund was filed outside the statute of limitations.
2. The taxpayer contests the statute of limitations determination in accordance with G.S. 105-241.15(b), as enacted by this act, within 60 days of the enactment of this act. For purposes of this section, a determination that an amended return or claim for refund was filed outside the statute of limitations is considered to be a notice of denial issued by the Department for purposes of G.S. 105-241.15(b).

SECTION 3. Section 1 of this act is effective for taxes imposed for taxable years beginning on or after July 1, 2016. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-77  H.B. 253

AN ACT TO AMEND PROVISIONS OF THE JUSTICE REINVESTMENT ACT.

The General Assembly of North Carolina enacts:

PART I. ADD WAIVER OF EXTRADITION AS REGULAR CONDITION OF PROBATION/FILE WAIVER WITH CLERK OF SUPERIOR COURT AND REQUIRE PROBATIONER TO SUBMIT TO PHOTOGRAPH

SECTION 1. G.S. 15A-1343 reads as rewritten:


…

(b) Regular Conditions. – As regular conditions of probation, a defendant must:

1. Commit no criminal offense in any jurisdiction.
2. Remain within the jurisdiction of the court unless granted written permission to leave by the court or his probation officer.
3. Report as directed by the court or his probation officer to the officer at reasonable times and places and in a reasonable manner, permit the officer to visit him at reasonable times, answer all reasonable inquiries by the officer and obtain prior approval from the officer for, and notify the officer of, any change in address or employment.
3a. Not abscond by willfully avoiding supervision or by willfully making the defendant's whereabouts unknown to the supervising probation officer, if the defendant is placed on supervised probation.
4. Satisfy child support and other family obligations as required by the court. If the court requires the payment of child support, the amount of the payments shall be determined as provided in G.S. 50-13.4(c).
5. Possess no firearm, explosive device or other deadly weapon listed in G.S. 14-269 without the written permission of the court.
6. Pay a supervision fee as specified in subsection (c1).
7. Remain gainfully and suitably employed or faithfully pursue a course of study or of vocational training that will equip him for suitable employment.
A defendant pursuing a course of study or of vocational training shall abide by all of the rules of the institution providing the education or training, and the probation officer shall forward a copy of the probation judgment to that institution and request to be notified of any violations of institutional rules by the defendant.

(8) Notify the probation officer if he fails to obtain or retain satisfactory employment.

(9) Pay the costs of court, any fine ordered by the court, and make restitution or reparation as provided in subsection (d).

(10) Pay the State of North Carolina for the costs of appointed counsel, public defender, or appellate defender to represent him in the case(s) for which he was placed on probation.

(11) Repealed by Session Laws 2011-62, s. 1, as amended by Session Laws 2011-412, s. 2.2, effective December 1, 2011, and applicable to offenses committed on or after December 1, 2011.

(12) Attend and complete an abuser treatment program if (i) the court finds the defendant is responsible for acts of domestic violence and (ii) there is a program, approved by the Domestic Violence Commission, reasonably available to the defendant, unless the court finds that such would not be in the best interests of justice. A defendant attending an abuser treatment program shall abide by all of the rules of the program.

a. If the defendant is placed on supervised probation, the following procedures apply:
   1. The probation officer shall forward a copy of the judgment, including all conditions of probation, to the abuser treatment program.
   2. The program shall notify the probation officer if the defendant fails to participate in the program or if the defendant is discharged from the program for violating any of the program rules.
   3. If the defendant fails to participate in the program or is discharged from the program for failure to comply with the program or its rules, the probation officer shall file a violation report with the court and notify the district attorney of such noncompliance.

b. If the defendant is placed on unsupervised probation, the following procedures apply:
   1. The defendant shall be required to notify the district attorney and the abuser treatment program of their choice of program within 10 days of the judgment if the program has not previously been selected.
   2. The district attorney shall forward a copy of the judgment, including all conditions of probation, to the abuser treatment program.
   3. If the defendant fails to participate in the program or is discharged from the program for failure to comply with the program or its rules, the program shall notify the district attorney of such noncompliance.

(13) Submit at reasonable times to warrantless searches by a probation officer of the probationer's person and of the probationer's vehicle and premises while the probationer is present, for purposes directly related to the probation supervision, but the probationer may not be required to submit to any other search that would otherwise be unlawful.
(14) Submit to warrantless searches by a law enforcement officer of the probationer's person and of the probationer's vehicle, upon a reasonable suspicion that the probationer is engaged in criminal activity or is in possession of a firearm, explosive device, or other deadly weapon listed in G.S. 14-269 without written permission of the court.

(15) Not use, possess, or control any illegal drug or controlled substance unless it has been prescribed for him or her by a licensed physician and is in the original container with the prescription number affixed on it; not knowingly associate with any known or previously convicted users, possessors, or sellers of any such illegal drugs or controlled substances; and not knowingly be present at or frequent any place where such illegal drugs or controlled substances are sold, kept, or used.

(16) Supply a breath, urine, or blood specimen for analysis of the possible presence of prohibited drugs or alcohol when instructed by the defendant's probation officer for purposes directly related to the probation supervision. If the results of the analysis are positive, the probationer may be required to reimburse the Division of Adult Correction of the Department of Public Safety for the actual costs of drug or alcohol screening and testing.

(17) Waive all rights relating to extradition proceedings if taken into custody outside of this State for failing to comply with the conditions imposed by the court upon a felony conviction.

(18) Submit to the taking of digitized photographs, including photographs of the probationer's face, scars, marks, and tattoos, to be included in the probationer's records.

In addition to these regular conditions of probation, a defendant required to serve an active term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and regulations of the Division of Adult Correction of the Department of Public Safety governing the conduct of inmates while imprisoned and report to a probation officer in the State of North Carolina within 72 hours of his discharge from the active term of imprisonment.

Regular conditions of probation apply to each defendant placed on supervised probation unless the presiding judge specifically exempts the defendant from one or more of the conditions in open court and in the judgment of the court. It is not necessary for the presiding judge to state each regular condition of probation in open court, but the conditions must be set forth in the judgment of the court.

Defendants placed on unsupervised probation are subject to the provisions of this subsection, except that defendants placed on unsupervised probation are not subject to the regular conditions contained in subdivisions (2), (3), (6), (8), (13), (14), and (15), (16), and (17) of this subsection.

(c) Statement of Conditions. – A defendant released on supervised probation must be given a written statement explicitly setting forth the conditions on which he is being released. If any modification of the terms of that probation is subsequently made, he must be given a written statement setting forth the modifications.

Upon entry of an order of supervised probation by the court, a defendant shall submit to the Division of Adult Correction for filing with the clerk of superior court a signed document stating that:

(1) The defendant will comply with the conditions that have been imposed by the court.

(2) If the defendant fails to comply with the conditions imposed by the court and is taken into custody outside of this State, the defendant waives all rights relating to extradition proceedings if the defendant was convicted of a felony.

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PART II. ELIMINATE CREDIT FOR TIME SPENT IN CUSTODY AS A RESULT OF POST-RELEASE SUPERVISION OR PAROLE REVOCATION PROCEEDING AGAINST A THREE-MONTH REIMPRISONMENT

SECTION 2. G.S. 15A-1368.3(c) reads as rewritten:

"(c) Effect of Violation. – If the supervisee violates a condition, described in G.S. 15A-1368.4, at any time before the termination of the supervision period, the Commission may continue the supervisee on the existing supervision, with or without modifying the conditions, or if continuation or modification is not appropriate, may revoke post-release supervision as provided in G.S. 15A-1368.6 and reimprison the supervisee for a term consistent with the following requirements:

(3) Pursuant to Article 19A of Chapter 15, the Division of Adult Correction of the Department of Public Safety shall award a prisoner credit against any term of reimprisonment for all time spent in custody as a result of revocation proceedings under G.S. 15A-1368.6 unless as a result of a violation of the conditions, the supervisee is returned to prison for a three-month period. The three-month period shall not be reduced by credit for time already served. Any such credit shall be applied toward the maximum prison term.

..."

PART III. ELIMINATE THE COMMUNITY CORRECTIONS BOARD AND CREATE THE JUSTICE REINVESTMENT COUNCIL

SECTION 3.(a) G.S. 143B-1157 and G.S. 143B-1158 are repealed.

SECTION 3.(b) Article 13 of Chapter 143 of the General Statutes is amended by adding a new section to read: 


(a) The Justice Reinvestment Council is established to act as an advisory body to the Commissioner of Adult Correction with regard to this Subpart. The Council shall consist of 13 members as follows, to be appointed as provided in subsection (b) of this section:

(1) Two members of the Senate.
(2) Two members of the House of Representatives.
(3) A judge of the superior court.
(4) A judge of the district court.
(5) A district attorney.
(6) A criminal defense attorney.
(7) A county sheriff.
(8) A chief of a city police department.
(9) A victim service provider.
(10) A member selected to represent behavioral health services.
(11) A member selected to represent substance abuse treatment services.

(b) The membership of the Council shall be selected as follows:

(1) The Governor shall appoint the following members: the county sheriff, the chief of a city police department, the member representing behavioral health services, and the member representing substance abuse treatment services.
(2) The Lieutenant Governor shall appoint the victim service provider.
(3) The Chief Justice of the North Carolina Supreme Court shall appoint the following members: the superior court judge, the district court judge, the district attorney, and the criminal defense attorney.
(4) The President Pro Tempore of the Senate shall appoint the two members of the Senate.
(5) The Speaker of the House of Representatives shall appoint the two members of the House of Representatives. In appointing the members of the Council, the appointing authorities shall make every effort to ensure fair geographic representation of the Council membership and to ensure that minority persons and women are fairly represented.

(c) The initial members shall serve staggered terms. The members identified in subdivisions (1) and (2) of subsection (a) of this section shall be appointed initially for a term of one year. The members identified in subdivisions (3) through (7) of subsection (a) of this section shall be appointed initially for a term of two years. The members identified in subdivisions (8) through (11) of subsection (a) of this section shall be appointed initially for a term of three years. The terms of office of the initial members appointed under this section commence effective October 1, 2015.

At the end of their respective terms of office, their successors shall be appointed for terms of three years effective July 1. A vacancy occurring before the expiration of the term of office shall be filled in the same manner as original appointments for the remainder of the term. Members may be reappointed without limitation.

(d) The purpose of the Justice Reinvestment Council in conjunction with the Department of Public Safety, Division of Adult Correction, is to:

(1) Recommend policy enhancements to the Justice Reinvestment Act of 2011.
(2) Assist in the continued education of criminal justice system stakeholders.
(3) Support implementation of the Justice Reinvestment Act of 2011.
(4) Identify new initiatives that further the implementation of the Justice Reinvestment Act of 2011 and the Adult Corrections Recidivism Reduction Plan.

PART IV. AUTHORIZE POST-RELEASE SUPERVISION AND PAROLE PRELIMINARY HEARINGS TO BE CONDUCTED BY VIDEOCONFERENCE

SECTION 4.(a) G.S. 143B-720 reads as rewritten:


(f) The Commission may conduct the following proceedings by videoconference:

(1) All hearings regarding the revocation or termination violation of conditions of post-release supervision and all hearings regarding revocation, termination, or suspension violation of conditions of parole.
(2) All hearings regarding criminal contempt for willful refusal to accept post-release supervision or comply with the terms of post-release supervision by a prisoner whose offense requiring post-release supervision is a reportable conviction subject to the registration requirement of Article 27A of Chapter 14 of the General Statutes.

(g) A hearing officer may conduct the following proceedings by videoconference:

(1) Preliminary hearings regarding violation of conditions of post-release supervision.
(2) Preliminary hearings regarding violation of conditions of parole."

SECTION 4.(b) G.S. 15A-1368.6 reads as rewritten:

"§ 15A-1368.6. Arrest and hearing on post-release supervision violation.

(b) When and Where Preliminary Hearing on Post-Release Supervision Violation Required. – Unless the hearing required by subsection (e) of this section is first held or a continuance is requested by the supervisee, a preliminary hearing on supervision violation shall be held reasonably near the place of the alleged violation or arrest and within seven working days of the arrest of a supervisee to determine whether there is probable cause to believe that the supervisee violated a condition of post-release supervision. The preliminary hearing for
violations of post-release supervision may be conducted by videoconference. Otherwise, the supervisee shall be released seven working days after arrest to continue on supervision pending a hearing. If the supervisee is not within the State, the preliminary hearing is as prescribed by G.S. 148-65.1A.

(e) Revocation Hearing. – Before finally revoking post-release supervision, the Commission shall, unless the supervisee waived the hearing or the time limit, provide a hearing within 45 days of the supervisee’s reconfinegment to determine whether to revoke supervision finally. For purposes of this subsection, the 45-day period begins when the preliminary hearing required by subsection (b) of this section is held or waived, or upon the passage of seven working days after arrest, whichever is sooner. The revocation hearing for violations of post-release supervision may be conducted by videoconference. The Commission shall adopt rules governing the hearing.”

SECTION 4.(c) G.S. 15A-1376 reads as rewritten:

"§ 15A-1376. Arrest and hearing on parole violation.

(a) Arrest for Violation of Parole. – A parolee is subject to arrest by a law-enforcement officer or a parole officer for violation of conditions of parole only upon the issuance of an order of temporary or conditional revocation of parole by the Post-Release Supervision and Parole Commission. However, a parole revocation hearing under subsection (e) may be held without first arresting the parolee.

(b) When and Where Preliminary Hearing on Parole Violation Required. – Unless the hearing required by subsection (e) is first held or a continuance is requested by the parolee, a preliminary hearing on parole violation must be held reasonably near the place of the alleged violation or arrest and within seven working days of the arrest of a parolee to determine whether there is probable cause to believe that he violated a condition of parole. The preliminary hearing for violations of parole may be conducted by videoconference. Otherwise, the parolee must be released seven working days after his arrest to continue on parole pending a hearing. If the parolee is not within the State, his preliminary hearing is as prescribed by G.S. 148-65.1A.

(c) Officers to Conduct Hearing. – The preliminary hearing on parole violation must be conducted by a judicial official, or by a hearing officer designated by the Post-Release Supervision and Parole Commission. No person employed by the Division of Adult Correction of the Department of Public Safety may serve as a hearing officer at a hearing provided in this section unless he is a member of the Post-Release Supervision and Parole Commission or is employed solely as a hearing officer.

(d) Procedure for Preliminary Hearing on Parole Violation. – The Division of Adult Correction of the Department of Public Safety must give the parolee notice of the preliminary hearing and its purpose, including a statement of the violations alleged. At the hearing, the parolee may appear and speak in his own behalf, may present relevant information, and may, on request, personally question witnesses and adverse informants, unless the hearing officer finds good cause for not allowing confrontation. If the person holding the hearing determines there is probable cause to believe the parolee violated his parole, he must summarize the reasons for his determination and the evidence he relied on. Formal rules of evidence do not apply at the hearing. If probable cause is found, the parolee may be held in the custody of the Division of Adult Correction of the Department of Public Safety to serve the appropriate term of imprisonment, subject to the outcome of a revocation hearing under subsection (e).

(e) Revocation Hearing. – Before finally revoking parole, the Post-Release Supervision and Parole Commission must, unless the parolee waived the hearing or the time limit, provide a hearing within 45 days of the parolee's reconfinegment to determine whether to revoke parole finally. The revocation hearing may be conducted by videoconference. The Post-Release Supervision and Parole Commission must adopt rules governing the hearing.”
PART V. CLARIFY CONFINEMENT IN RESPONSE TO VIOLATION

SECTION 5. G.S. 15-196.2 reads as rewritten:

"§ 15-196.2. Allowance in cases of multiple sentences.
In the event time creditable under this section shall have been spent in custody as the result of more than one pending charge, resulting in imprisonment for more than one offense, credit shall be allowed as herein provided. Consecutive sentences shall be considered as one sentence for the purpose of providing credit, and the creditable time shall not be multiplied by the number of consecutive offenses for which a defendant is imprisoned. Each concurrent sentence shall be credited with so much of the time as was spent in custody due to the offense resulting in the sentence. When both concurrent and consecutive sentences are imposed, both of the above rules shall obtain to the applicable extent.

Upon revocation of two or more consecutive sentences as a result of a probation violation, credit for time served on concurrent confinements in response to violation under G.S. 15A-1344(d2) shall be credited to only one sentence."

PART VI. AMEND APPLICATION FOR ISSUANCE OF REQUISITION TO INCLUDE POST-RELEASE SUPERVISION

SECTION 6. G.S. 15A-743(b) reads as rewritten:

"(b) When the return to this State is required of a person who has been convicted of a crime in this State and has escaped from confinement or broken the terms of his bail, probation, post-release supervision, or parole, the prosecuting attorney of the county in which the offense was committed, the parole board, or Post-Release Supervision and Parole Commission, the Director of Prisons, the Director of Community Corrections, or sheriff of the county from which escape was made, shall present to the Governor a written application for a requisition for the return of such person, in which application shall be stated the name of the person, the crime of which he was convicted, the circumstances of his escape from confinement or of the breach of the terms of his bail, probation or parole, the state in which he is believed to be, including the location of the person therein at the time application is made."

PART VII. CLARIFY CONTINUANCE OF SUPERVISION UPON APPEAL OF ACTIVATED SENTENCE

SECTION 7. G.S. 15A-1347(c) reads as rewritten:

"(c) If a defendant appeals an activation of a sentence as a result of a finding of a violation of probation by the district or superior court and is released pursuant to Article 26 of Chapter 15A of the General Statutes, probation supervision will continue under the same conditions until the termination date of the supervision period, expiration of the period of probation or disposition of the appeal, whichever comes first."

PART VIII. UPDATE CURRENT TERMINOLOGY

SECTION 8(a). G.S. 15-190(a) reads as rewritten:

"(a) Some guard or guards or Correction custody personnel or some other reliable person or persons to be named and designated by the warden from time to time shall cause the person, convict or felon against whom the death sentence has been so pronounced to be executed as provided by this Article and all amendments thereto. The execution shall be under the general supervision and control of the warden of the penitentiary, who shall from time to time, in writing, name and designate the guard or guards correctional custody personnel or other reliable person or persons who shall cause the person, convict or felon against whom the death sentence has been pronounced to be executed as provided by this Article and all amendments thereto. At such execution there shall be present the warden or deputy warden or some person designated by the warden in the warden's place, and a licensed physician, or a medical professional other than a physician, to monitor the injection of the required lethal substances and certify the fact of the execution. If a licensed physician is not present at the execution, then a licensed physician shall be present on the premises and available to examine the body after
the execution and pronounce the person dead. Four respectable citizens, two members of the
victim's family, the counsel and any relatives of such person, convict or felon and a minister or
member of the clergy or religious leader of the person's choosing may be present if they so
desire. The identities, including the names, residential addresses, residential telephone
numbers, and social security numbers, of witnesses or persons designated to carry out the
execution shall be confidential and exempted from Chapter 132 of the General Statutes and are
not subject to discovery or introduction as evidence in any proceeding. The Senior Resident
Superior Court Judge for Wake County may order disclosure of names made confidential by
this section after making findings that support a conclusion that disclosure is necessary to a
proper administration of justice.

For purposes of this section, a "medical professional other than a physician" means a
physician assistant, nurse practitioner, registered nurse, emergency medical technician, or
emergency medical technician-paramedic who is licensed or credentialled by the licensing
board, agency, or organization responsible for licensing or credentialing that profession.”

SECTION 8.(b) G.S. 15-195 reads as rewritten:

"§ 15-195. Prisoner taken to place of trial when new trial granted.
Should a new trial be granted the condemned person, convict or felon against whom
sentence of death has been pronounced, after he has been conveyed to the penitentiary, he shall
be conveyed back to the place of trial by such guard or guards, or correctional custody personnel
as the warden of the penitentiary shall direct, their expenses to be paid as is now provided by
law for the conveyance of convicts to the penitentiary.”

SECTION 8.(c) G.S. 148-23 reads as rewritten:

"§ 148-23. Prison employees not to use intoxicants, narcotic drugs or profanity.
No one addicted to the use of alcoholic beverages, or narcotic drugs, shall be employed as
superintendent, warden, guard, or in any other position connected with the Division of Adult
Correction of the Department of Public Safety, where such position requires the incumbent to
have any charge or direction of the prisoners; and anyone holding such position, or anyone who
may be employed in any other capacity in the State prison system, who shall come under the
influence of alcoholic beverages during hours of employment, or reports for duty under the
effect of intoxicants, or narcotic drugs, or who shall become intoxicated, or uses narcotic drugs,
under circumstances that bring discredit on the Division of Adult Correction of the Department
of Public Safety, shall be subject to immediate dismissal from employment by any of the
institutions and shall not be eligible for reinstatement to such position or be employed in any
other position in any of the institutions. Any superintendent, warden, guard, correctional
officer, supervisor, or other person holding any position in the Division of Adult Correction of
the Department of Public Safety who curses a prisoner under his charge shall be subject to
immediate dismissal from employment and shall not be eligible for reinstatement.”

SECTION 8.(d) G.S. 148-46(a) reads as rewritten:

"(a) When any prisoner, or several combined shall offer violence to any officer,
overseer, or guard, or to any fellow prisoner, or attempt to do any injury to
the prison building, or to any workshop, or other equipment, or shall attempt to escape, or shall
resist, or disobey any lawful command, the officer, overseer, or guard, shall use any means necessary to defend himself, or to enforce the observance of discipline, or to
secure the person of the offender, and to prevent an escape.”

PART IX. CLARIFY PISTOL PURCHASE PERMIT REQUIREMENT FOR
PROBATION OFFICERS

SECTION 9.(a) G.S. 14-404(d) reads as rewritten:

"(d) Nothing in this Article shall apply to officers authorized by law to carry firearms if
the officers identify themselves to the vendor or donor as being officers authorized by law to
carry firearms and provide any of the following:

(1) A letter signed by the officer's supervisor or superior officer stating that the
officer is authorized by law to carry a firearm.

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PART X. PROVIDE THE BASE AWARD FOR RECIDIVISM REDUCTION SERVICES (RRS) VENDORS UPON INITIATION OF SERVICES

SECTION 10. G.S. 143B-1156 is amended by adding a new subsection to read:
"(e) The Division of Adult Correction shall pay service providers the contract base award upon the initiation of services with the remaining payments made as milestones are reached as stated in the contract for services. If the service provider cancels or terminates the contract prior to its conclusion, the service provider shall reimburse the Division for the unearned pro rata portion of the base award."

PART XI. EFFECTIVE DATE

SECTION 11. Sections 3, 4, 8, 9, and 10 of this act become effective July 1, 2016. Sections 1, 2, 5, 6, and 7 of this act become effective December 1, 2016, and apply to offenses committed on or after that date. The remainder of this act becomes effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-78

H.B. 287

AN ACT TO ENHANCE AND IMPROVE CONSUMER PROTECTIONS AND TRANSPARENCY RELATED TO MOTOR VEHICLE MAINTENANCE AND REPAIRS, LONG-TERM CARE INSURANCE, AND CONSENT TO RATE; TO STUDY VOLUNTEER FIREFIGHTER RECRUITMENT AND RETENTION EFFORTS; TO INCREASE THE CRIMINAL PENALTY FOR LARGE-SCALE FRAUD COMMITTED BY AN INSURANCE FIDUCIARY AND STRENGTHEN COMMERCIAL AUTO RATE EVASION REFORM; TO MAKE VARIOUS TECHNICAL AND POLICY CHANGES TO NORTH CAROLINA’S CAPTIVE INSURANCE LAW PROVISIONS; TO ENABLE THE ESTABLISHMENT OF A STATE-BASED PRIVATE FLOOD INSURANCE MARKET; TO ENABLE INSURERS TO RECEIVE RESTITUTION FROM CONVICTED DEFENDANTS; TO EXEMPT CERTAIN ACCOUNTABLE CARE ORGANIZATIONS FROM DEPARTMENT REGULATION; AND TO MAKE OTHER AMENDMENTS TO INSURANCE LAWS, AS RECOMMENDED BY THE DEPARTMENT.

The General Assembly of North Carolina enacts:

PART I. CONSUMER TRANSPARENCY AND ASSISTANCE PROVISIONS

SECTION 1.1. G.S. 58-36-75(a) reads as rewritten:
"(a) The subclassification plan promulgated pursuant to G.S. 58-36-65(b) may provide for separate surcharges for major, intermediate, and minor accidents. A "major accident" is an at-fault accident that results in either (i) bodily injury or death or (ii) only property damage of three thousand eighty-five dollars ($3,085) three thousand eight hundred fifty dollars ($3,850) or more. An "intermediate accident" is an at-fault accident that results in only property damage of more than one thousand eight hundred fifty dollars ($1,850) two thousand three hundred
dollars ($2,300) but less than three thousand eighty-five dollars ($3,085). A "minor accident" is an at-fault accident that results in only property damage of one thousand eight hundred fifty dollars ($1,850) to two thousand three hundred dollars ($2,300) or less. The subclassification plan may also exempt certain minor accidents from the Facility recoupment surcharge. The Bureau shall assign varying Safe Driver Incentive Plan point values and surcharges for bodily injury in at-fault accidents that are commensurate with the severity of the injury, provided that the point value and surcharge assigned for the most severe bodily injury shall not exceed the point value and surcharge assigned to a major accident involving only property damage."

**SECTION 1.2.** G.S. 58-51-95 is amended by adding a new subsection to read:

"(f1) For long-term care policy forms, the maximum rate increase that may be implemented in any calendar year for any policyholder is an increase of twenty-five percent (25%) of the current policy premium rate in effect prior to the increase."

**SECTION 1.3.(a)** G.S. 58-36-30 reads as rewritten:


(b1) This subsection applies only to insurance against loss to residential real property with not more than four housing units. A rate in excess of that promulgated by the Bureau may be charged by an insurer on any specific risk if the higher rate is charged in accordance with rules adopted by the Commissioner and is charged with the knowledge and written consent of the insured. An insurer shall give reasonable notice to the insured by including the following language on the insured's written consent to rate form in at least 14 point type, bolded, and underlined:

"NOTICE: THE PREMIUM USING NORTH CAROLINA RATE BUREAU'S APPROVED RATES FOR THE HOMEOWNER'S INSURANCE COVERAGE APPLIED FOR IS $______. THE PREMIUM FOR THIS COVERAGE IS $______. THE TOTAL PERCENTAGE INCREASE ABOVE THE APPROVED RATES IS ______%.""

The insurer shall provide the rate information on the disclosure statement above, as applicable, to the insured. The disclosure statement noted above in this subsection shall be included on any renewal of or endorsement to the policy for any subsequent increase above the manual rate following the initial written consent of an insured. However, once an initial written consent to rate is received, the insurer is not required to obtain the written consent of the insured on any renewal of or endorsement to the policy. The insurer shall give at least 30 days' notice to the insured for all written consents to rate and notices required under this subsection on all policy renewals and endorsements. The insurer shall retain the signed consent form and other policy information for each insured and make this information available to the Commissioner, upon request of the Commissioner. Any data obtained by the Commissioner under this subsection is proprietary and confidential and is not a public record under G.S. 132-1 or G.S. 58-2-100.

"§ 58-36-10. Method of rate making; factors considered.

The following standards shall apply to the making and use of rates:

(3) In the case of property insurance rates under this Article, consideration may be given to the experience of property insurance business during the most recent five-year period for which that experience is available. In the case of property insurance rates under this Article, consideration shall be given to the insurance public protection classifications of fire districts established by the Commissioner. The Commissioner shall establish and modify from time to time insurance public protection districts for all rural areas of the State and for cities with populations of 100,000 or fewer, according to the most
recent annual population estimates certified by the State Budget Officer. In establishing and modifying these districts, the Commissioner shall use standards at least equivalent to those used by the Insurance Services Office, Inc., or any successor organization. The standards developed by the Commissioner are subject to Article 2A of Chapter 150B of the General Statutes. The insurance public protection classifications established by the Commissioner issued pursuant to the provisions of this Article shall be subject to appeal as provided in G.S. 58-2-75, et seq. The exceptions stated in G.S. 58-2-75(a) do not apply. If the Rate Bureau presents any modeled hurricane losses based upon a commercial hurricane simulation computer model with a property insurance rate filing, the Bureau shall present data from more than one such model. The Commissioner shall consider modeled hurricane losses presented by the Rate Bureau.

..."

SECTION 1.3.(c) G.S. 58-36-15 reads as rewritten:

"§ 58-36-15. Filing loss costs, rates, plans with Commissioner; public inspection of filings.

(d2) The following supporting data, at a minimum, shall be included in any property insurance rate filing where a catastrophe model is used:

(1) Any simulated loss from a catastrophe model should include the following:
   a. An event identifier.
   b. The simulation year.
   c. The State and county of first landfall, and the wind speed, based upon the Saffir-Simpson scale, at landfall.
   d. The gross amount of North Carolina damages before application of any deductible or other applicable policy provisions that impact the coverage, calculated with and without any applicable demand surge adjustments.
   e. The net amount of North Carolina insured loss after application of any deductible or other applicable policy provisions that impact the coverage, calculated with and without any applicable demand surge adjustments.
   f. Any other information required by rules promulgated by the Commissioner.

(2) Annual historical exposure and hurricane loss data by territory for 2003 and each subsequent year. The Bureau shall also provide annual historical exposure and hurricane loss data by territory for 1987 through 2002 to the extent this data is reasonably available.

(3) If requested by the Department, a statistical analysis comparing the historic loss data required by subdivision (2) of this subsection with any simulated losses used to support the rate filing.

(4) Trade secret information provided under this subsection is confidential and shall be handled in accordance with the provisions of G.S. 66-152 and G.S. 132-1.2.

(d3) In all residential property insurance rate filings, the Bureau shall set forth for each territory in the State (i) that portion of the rate based on all risks with the exception of wind and hail and (ii) that portion of the rate based on consideration of risks and the costs of reinsurance for wind and hail. The Department shall post both the filed rate and the final rate for each territory on its Web site, including that portion of the filed rate and the final rate for each territory based on all risks with the exception of wind and hail and that portion based on wind and hail.

..."
PART II. FIRE AND RESCUE PROVISIONS

SECTION 2.1.(a) G.S. 58-87-1(b) reads as rewritten:

"(b) Eligible Fire Department. – A fire department is eligible for a grant under this section if it meets all of the conditions of this subsection. No fire department may be declared ineligible for a grant solely because it is classified as a municipal fire department.

(1) It serves a response area of 12,000 or less in population. In making the population determination, the Department must use the most recent annual population estimates certified by the State Budget Officer.

(2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of six full-time paid positions.

(3) It has been certified by the Department of Insurance."

SECTION 2.1.(b) G.S. 58-87-5(a) reads as rewritten:

"(a) There is created in the Department of Insurance the Volunteer Rescue/EMS Fund to provide grants to volunteer rescue units, rescue/EMS units, EMS units that are volunteer fire departments that are a part of a county's EMS system plan, and EMS units providing rescue or rescue and emergency medical services to purchase equipment and make capital improvements. An eligible unit may apply to the Department of Insurance for a grant under this section. The application form and criteria for grants shall be established by the Department. The North Carolina Association of Rescue and Emergency Medical Services, Inc., shall provide the Department with an advisory priority listing for rescue equipment eligible for funding, and the Department of Health and Human Services shall provide the Department with an advisory priority listing of EMS equipment eligible for funding. The State Treasurer shall invest the Fund's assets according to law, and the earnings shall remain in the Fund. On December 15, or on the first business day after December 15 if December 15 falls on a weekend or a holiday, of each year, the Department shall make grants to eligible units subject to all of the following limitations:

(1) A grant to an applicant who is required to match the grant with non-State funds may not exceed twenty-five thousand dollars ($25,000), and a grant to an applicant who is not required to match the grant with non-State funds may not exceed three thousand dollars ($3,000).

(2) An applicant whose liquid assets, when combined with the liquid assets of any corporate affiliate or subsidiary of the applicant, are more than one thousand dollars ($1,000) shall match the grant on a dollar-for-dollar basis with non-State funds.

(3) The grant may be used only for equipment purchases or capital expenditures.

(4) An applicant may receive no more than one grant per fiscal year.

(5) The grant may be used only for purposes related to services that the unit is authorized to provide.

In awarding grants under this section, the Department shall to the extent possible select applicants from all parts of the State based upon need, subject to the following priority order: (i) rescue units, (ii) rescue/EMS units, (iii) EMS units that are licensed as EMS providers under G.S. 131E-155.1, and, finally, (iv) EMS units that are volunteer fire departments that are a part of a county's EMS system plan. Need. Up to two percent (2%) of the Fund may be used for additional staff and resources to administer the Fund in each fiscal year. In addition, notwithstanding G.S. 58-78-20, up to four percent (4%) of the Fund may be used for additional staff and resources for the North Carolina Fire and Rescue Commission."

SECTION 2.2. Subsections (e) and (f) of G.S. 58-92-20 read as rewritten:

"(e) For each brand style listed in a certification, a manufacturer shall pay to the Commissioner a fee of two hundred fifty dollars ($250.00). The Commissioner may annually adjust this fee to ensure it defrays the actual costs of the processing, testing, enforcement, fire safety, and oversight activities required by this Article.

(f) There is established in the State treasury a separate, nonreverting fund to be known as the "Fire Safety Standard and Firefighter Protection Act Enforcement Fund." The fund shall
consist of all certification fees submitted by manufacturers and shall, in addition to any other monies made available for such purpose, be available to the Commissioner solely to support processing, testing, enforcement, and oversight activities under this Article. For the purposes of this Article, fire safety shall include community education and outreach and the provision and installation of fire safety devices in high-risk and high-need locations throughout the State.”

**SECTION 2.3.** The Office of State Fire Marshal, Department of Insurance, shall study, in consultation with the North Carolina State Firemen's Association, the North Carolina Association of Fire Chiefs, the North Carolina Association of Rescue and Emergency Medical Services, the North Carolina League of Municipalities, and the North Carolina Association of County Commissioners, and make recommendations regarding the issue of declining recruitment and retention of volunteer firefighters in North Carolina to the General Assembly on or before the convening of the 2018 Legislative Session. The recommendations shall include at least the following:

1. Assessment of existing programs, initiatives, and efforts to increase the number of volunteer firefighters protecting their communities across the State.
2. Assessment of other states' programs, initiatives, and efforts to increase the number of volunteer firefighters protecting their communities.
3. Consideration of financial incentive programs that may be offered to encourage increased volunteer firefighter participation rates, including tax incentives, rebates, or other initiatives.
4. The impact of current programs and viability of expansion of high school based programs providing firefighter training statewide.
5. Other issues, initiatives, or matters deemed relevant to consideration of and action on this issue by the Office of State Fire Marshal and its collaborators.
6. Recommendations for legislative action, if any, to address the issue of recruitment and retention of volunteer firefighters statewide.

**PART III. ANTI-FRAUD AND CRIMINAL PROVISIONS**

**SECTION 3.1.** G.S. 58-50-40(c) reads as rewritten:

“(c) Any insurance fiduciary who violates subsection (b) of this section shall be guilty of a Class H felony, the following felony offense:

1. If the total value of losses suffered as a result of an insurance fiduciary's violation of subsection (b) of this section is one hundred thousand dollars ($100,000) or more, the violation is a Class F felony.
2. If the total value of losses suffered as a result of an insurance fiduciary's violation of subsection (b) of this section is less than one hundred thousand dollars ($100,000), the violation is a Class H felony.”

**SECTION 3.2.(a)** G.S. 58-2-164 reads as rewritten:

“§ 58-2-164. Rate evasion fraud; prevention programs.

(a) The following definitions apply in this section:

1. "Applicant" means one or more persons applying for the issuance or renewal of an auto insurance policy on which the person or persons will be a named insured.
2. "Auto insurance" means both nonfleet and other than nonfleet private passenger motor vehicle insurance.
4. "Insurer" means a member of the North Carolina Rate Bureau or an insurance company that is licensed to write and is writing auto insurance in this State.
5. "Nonfleet" means a motor vehicle as defined in G.S. 58-40-10(2).
5a. "Principal place of business" means the single physical location from which the majority of the essential operations of the applicant's business are
directed and controlled. The location of a consultant, service agent, or attorney of the applicant shall not be sufficient to establish an applicant's principal place of business.

(6) "Private passenger motor vehicle" means a motor vehicle as defined in G.S. 58-40-10(1).

(b) It shall be a Class 3 misdemeanor for any person who, with the intent to deceive an insurer, does any of the following:

(1) Present or cause—Presents or causes to be presented a written or oral statement in support of an application for issuance of or amendment to a policy of auto insurance or for vehicle registration pursuant to G.S. 20-52(a)(4) and (a)(5), knowing that the application contains false or misleading information that states the applicant is an eligible risk when the applicant is not an eligible risk.

(2) Assist, abet, solicit, or conspire—Assists, abets, solicits, or conspires with another person to prepare or make any written or oral statement that is intended to be presented to an insurer in connection with or in support of an application for issuance of or amendment to a policy of auto insurance or for vehicle registration pursuant to G.S. 20-52(a)(4) and (a)(5), if the person knows that the statement contains false or misleading information that states the applicant is an eligible risk when the applicant is not an eligible risk.

In addition to any other penalties authorized by law, a violation of this subsection may be punishable by a fine of not more than one thousand dollars ($1,000) for each violation.

(b1) It shall be a Class H felony for any applicant who, with the intent to deceive an insurer, knowingly violates G.S. 58-2-164(b) for the purpose of obtaining auto insurance covering one or more vehicles, the operation of which requires a Commercial Drivers License pursuant to G.S. 20-4.01(3c).

In addition to any other penalties authorized by law, a violation of this subsection may be punishable by a fine of not more than ten thousand dollars ($10,000) for each violation.

(c) The insurer and its agent shall also take reasonable steps to verify that the information provided by an applicant regarding the applicant's address and the place the motor vehicle is garaged is correct. The insurer may take its own reasonable steps to verify residency or eligible risk status or may rely upon the agent verification of residency or eligible risk status to meet the insurer's verification obligations under this section. The agent shall retain copies of any items obtained under this section as required under the record retention rules adopted by the Commissioner and in accordance with G.S. 58-2-185. The agent may satisfy the requirements of this section by obtaining from the applicant reliable proof of North Carolina residency from the applicant or the and the applicant's status as an eligible risk. Reliable proof of residency or eligible risk includes but is not limited to:

(c1) To the extent relevant to a particular criterion for eligible risk status and for the purpose of obtaining nonfleet private passenger motor vehicle insurance, reliable proof of North Carolina residency or eligible risk status includes one or more of the following:

(1) A pay stub with the payee's address.

(2) A utility bill in the name of the applicant showing the address of the applicant-payor-applicant's current North Carolina address.

(3) A lease for an apartment, house, modular unit, or manufactured home with a North Carolina address signed by the applicant.

(4) A receipt for personal property taxes paid by the applicant within the preceding 12-month period and showing the applicant's current North Carolina address.

(5) A receipt for real property taxes paid by the applicant to a North Carolina locality-locality within the preceding 12-month period and showing the applicant's current North Carolina address.
A monthly or quarterly financial statement from a North Carolina regulated financial institution.

A valid unexpired North Carolina driver's license issued to the applicant and showing the applicant's current North Carolina address.

Repealed by Session Laws 2015-294, s. 13, effective January 1, 2016, and applicable to insurance policies entered into on or after that date.

A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.

A valid military ID.

A valid student ID of the applicant for a North Carolina school or university.

A federal Income Tax Return filed by the applicant for the most recent prior filing period showing the applicant's name and current North Carolina address.

A homeowner's or renter's declarations page showing the applicant's current North Carolina address.

To the extent relevant to a particular criterion for eligible risk status and for the purpose of obtaining other than nonfleet private passenger motor vehicle insurance, reliable proof of North Carolina residency or eligible risk status includes two or more of the following:

1. A utility bill in the name of the applicant showing a North Carolina address for the principal place of business of the applicant.

2. A receipt for real property taxes paid by the applicant to a North Carolina locality within the preceding 12-month period and showing the applicant's current North Carolina address.

3. A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.

4. A federal Income Tax Return filed by the applicant for the most recent prior filing period showing the applicant's name and current North Carolina address.

Every insurer shall maintain safeguards within its auto insurance business at the point of sale, renewal, and claim to identify misrepresentations by applicants regarding their addresses, their principal places of business, and the places their motor vehicles are garaged. Identified misrepresentations are subject to the requirements of Article 2 of this Chapter.

If an applicant provides false and or misleading information as material to the applicant's or any named insured's status as an eligible applicant risk and that fraudulent information makes the applicant or any named insured appear to be an eligible applicant risk when that person is in fact not an eligible applicant risk, the insurer may do any or all of the following:

1. Refuse to issue, amend, or endorse a policy.

2. Cancel or refuse to renew a policy that has been issued.

3. Deny coverage for any claim arising out of bodily injury or property damage suffered by the applicant, by the applicant for auto liability, comprehensive, or collision coverage. This subdivision does not apply to bodily injury or property damage claims of innocent third parties to the extent of any minimum financial responsibility requirement of State or federal law.

Any motor vehicle liability policy may provide that the insured shall reimburse the insurer for any payment made under a policy of insurance if the issuance of the policy was induced by a knowing and material misrepresentation of facts relating to the insured's status as an eligible risk. For purposes of this subsection, a payment made shall include any sums paid for satisfaction, in whole or in part, of any judgment against the insured or for a reasonable settlement of a claim against the insured for bodily injury or property damage. A payment made
shall further include any costs or attorneys' fees incurred by the insurer in the adjustment, investigation, or defense of a claim.

(h) In a civil cause of action for recovery based upon a claim for which a defendant has been convicted under this section, the conviction under subsection (g1) of this section, a conviction of the defendant for a violation of G.S. 58-2-164(b) or (b1) may be entered into evidence against the defendant and shall establish the liability of the defendant as a matter of law for such damages, fees, or costs as may be proven. The court may award the prevailing party compensatory damages, including but not limited to any costs, losses, expenses, and attorneys' fees incurred in connection with any false statement of eligible risk status made in an application for insurance or incurred in connection with any claim submitted under a policy obtained as a result of a false statement of status as an eligible risk, attorneys' fees, costs, and reasonable investigative costs. If the prevailing party can demonstrate that the defendant has engaged in a pattern of violations of this section, the court may award treble damages.”

SECTION 3.2.(b) G.S. 58-37-1 reads as rewritten:

As used in this Article:

(4) "Eligible risk,” for the purpose of motor vehicle insurance other than nonfleet private passenger motor vehicle insurance, means:
   a. A person who is a resident of this State who owns a motor vehicle registered or principally garaged in this State;
   b. A person who has a valid driver's license in this State;
   c. A person who is required to file proof of financial responsibility under Article 9A or 13A of Chapter 20 of the General Statutes in order to register his or her motor vehicle or to obtain a driver's license in this State;
   d. A nonresident of this State who owns a motor vehicle registered or principally garaged in this State; or
   e. The State and its agencies and cities, counties, towns and municipal corporations in this State and their agencies.
However, no person shall be deemed an eligible risk if timely payment of premium is not tendered or if there is a valid unsatisfied judgment of record against such person for recovery of amounts due for motor vehicle insurance premiums and such person has not been discharged from paying said judgment, or if such person does not furnish the information necessary to effect insurance.

(4a) "Eligible risk,” for the purpose of nonfleet private passenger motor vehicle insurance, means:
   a. A resident of this State who owns a motor vehicle registered or principally garaged in this State;
   b. A resident of this State and who has a valid driver's license issued by this State;
   c. A person who is required to file proof of financial responsibility under Article 9A or 13 of Chapter 20 of the General Statutes in order to register his or her vehicle or to obtain a driver's license in this State;
   d. A nonresident of this State who owns a motor vehicle registered and principally garaged in this State;
   e. A nonresident of the State who is one of the following:
      1. A member of the Armed Forces of the United States stationed in this State, or deployed outside this State from a home base in this State, who intends to return to his or her home state;
2. The spouse of a nonresident member of the Armed Forces of the United States stationed in this State, or deployed outside this State from a home base in this State, who intends to return to his or her home state;

3. An out-of-state student who intends to return to his or her home state upon completion of his or her time as a student enrolled in school in this State; or

f. The State and its agencies and cities, counties, towns, and municipal corporations in this State and their agencies.

However, no person shall be deemed an eligible risk if timely payment or premium is not tendered or if there is a valid unsatisfied judgment of record against the person which the person has not been discharged from paying, for recovery of amounts due for motor-vehicle insurance premiums and the person has not been discharged from paying the judgment or premiums; or

1. Motor vehicle insurance premiums and the person has not been discharged from paying the judgment or premiums; or

2. Payments recoverable under a policy provision authorized by G.S. 58-2-164(g1).

Further, no person shall be deemed an eligible risk if the person does not furnish the information necessary to effect insurance.

PART IV. CAPTIVE INSURANCE LAW PROVISIONS

SECTION 4.1.(a) G.S. 58-10-340 reads as rewritten:


The following definitions apply in this Part:

(1) Affiliate or affiliated company. – Any person in the same corporate system as a parent, an industrial insured, a member organization, or a participant by virtue of common ownership, control, operation, or management. An "affiliate" of or person "affiliated" with a specific person. – Defined in G.S. 58-19-5.

(11) Control, controlling, controlled by, or under common control with. – The possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or nonmanagement services, or otherwise; provided that such power is not the result of an official position or corporate office held by the person. Control shall be presumed to exist if a person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing ten percent (10%) or more of the voting securities of another person. This presumption may be rebutted by a showing that control does not exist. Control. – Defined in G.S. 58-19-5. Notwithstanding this definition, for purposes of this Part, the fact that an SPFC exclusively provides reinsurance to a ceding insurer under an SPFC contract is not by itself sufficient grounds for a finding that the SPFC and ceding insurer are under common control.

(12) Controlled unaffiliated business. – A person meeting all of the following:

a. The person is not an affiliate.

b. The person has an existing contractual relationship with an affiliate.

c. The person's risks are managed by a captive insurance company, an affiliate of a captive insurance company, a participant, or an affiliate of a participant in accordance with G.S. 58-10-470.
(20) Industrial insured captive insurance company. – Any company that insures risks of the industrial insureds that comprise the industrial insured group and that may insure the risks of the affiliated companies of the industrial insureds and the risks of the controlled unaffiliated business of an industrial insured or its affiliated companies.

(28) Parent. – An individual, corporation, limited liability company, partnership, association, or other entity, or individual A person that directly or indirectly controls a captive insurance company.

(29) Participant. – Any person and any affiliate or any controlled unaffiliated business of such person that is insured by a protected cell captive insurance company, where the losses of the participant are limited through a participant contract.

(36) Pure captive insurance company. – Any company that insures risks of its parent, parent or affiliated companies, controlled unaffiliated businesses, or any combination of these entities.

SECTION 4.1.(b) G.S. 58-10-345 reads as rewritten:

"§ 58-10-345. Licensing; authority; confidentiality.

(a) Any business entity, when permitted by its organizational documents, may apply to the Commissioner for a license to do any insurance comprised in G.S. 58-7-15; provided, however, that:

(1) No pure captive insurance company shall insure any risks other than those of its parent and affiliated companies or a controlled unaffiliated business or businesses.

(2) No association captive insurance company shall insure any risks other than those of its association, those of the member organizations of its association, and those of a member organization's affiliated companies.

(3) No industrial insured captive insurance company shall insure any risks other than those of the industrial insureds that comprise the industrial insured group and those of their affiliated companies, and those of the controlled unaffiliated business of an industrial insured or its affiliated companies.

(b) No captive insurance company shall transact any insurance business in this State unless:

(1) It obtains a license from the Commissioner pursuant to subsection (c) of this section authorizing it to do insurance business in this State.

(2) Its board of directors or committee of managers or, in the case of a reciprocal insurer, its subscribers' advisory committee holds at least one meeting each year in this State. A captive insurance company will be exempt from this board meeting requirement if the captive insurance company utilizes the services of at least two of the following North Carolina-based service providers:

a. Legal.
b. Accounting.
c. Actuarial.
d. Investment advisor.
e. Captive manager.
f. Other service providers acceptable to the Commissioner.

(3) It maintains its principal place of business in this State.

(4) It appoints a registered agent to accept service of process and to otherwise act on its behalf in this State, provided that whenever such registered agent
cannot with reasonable diligence be found at the registered office of the captive insurance company, the Commissioner shall be an agent of such captive insurance company upon whom any process, notice, or demand may be served and such service shall be done in accordance with G.S. 58-16-30.

(c) In order to receive a license to issue policies of insurance as a captive insurance company in this State, an applicant business entity shall meet all of the following requirements:

(1) The applicant business entity shall submit its organizational documents to the Commissioner. If the Commissioner approves the organizational documents, then the Commissioner shall issue a certificate to the applicant business entity certifying the Commissioner's approval. The applicant business entity shall submit the organizational documents, along with a copy of the certificate of approval issued by the Commissioner, and the required filing fees for organizational documents prescribed by North Carolina law to the Secretary of State for filing. Upon filing the organizational documents, the Secretary of State shall issue a certificate of filing to the applicant business entity. The applicant business entity shall submit a copy of the certificate of filing relative to the applicant business entity's organizational documents issued by the Secretary of State to the Commissioner.

(2) The applicant business entity shall file a statement under oath of its president and secretary showing its financial condition.

(3) The applicant business entity shall file its plan of operation.

(4) The applicant business entity shall file other documents as required by the Commissioner.

(5) The applicant business entity shall also file with the Commissioner evidence of all of the following:
   a. The amount and liquidity of its assets the captive insurance company is sufficient relative to the risks to be assumed.
   b. The adequacy of the expertise, experience, and character of the person or persons who will manage it.
   c. The overall soundness of its plan of operation.
   d. The adequacy of the loss prevention programs of its insureds.
   e. Such other factors deemed relevant by the Commissioner in ascertaining whether the applicant business entity will be able to meet its policy obligations.

(6) No less than the amount required by G.S. 58-10-370, in a form acceptable to the Commissioner, shall be paid into the applicant business entity.

(7) The applicant business entity shall submit to the Commissioner for approval a description of the coverages, deductibles, coverage limits, and rates, together with such additional information as the Commissioner may require.

(g) The Commissioner is authorized to retain legal, financial, and examination audit services from outside the Department, the costs of which shall be reimbursed by the applicant business entity. G.S. 58-2-160 shall apply to examinations, audits, investigations, and processing conducted under the authority of this section.

(i) A business entity incorporated, formed, or organized under the laws of another jurisdiction that is licensed as a captive insurance company under the provisions of this Part shall have the privileges and be subject to the provisions of the laws of this State or the laws of such other jurisdiction, as applicable, under which such business entity is incorporated, formed, or organized. In the event of a conflict between the provisions of the laws of this State and the laws of such other jurisdiction under which such business entity is incorporated, formed, or organized, the provisions of this Part shall control.
SECTION 4.1.(c) Article 10 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-10-347. Provisional approval for a license.

(a) At the Commissioner's discretion, provisional approval for a license may be granted to an applicant business entity for a period not to exceed 90 days.

(b) An applicant business entity may petition the Commissioner to extend the provisional time provided the petition is received in writing not less than 10 days before expiration of the provisional time and provides sufficient detail to permit the Commissioner to make an informed decision.

(c) Extensions may be granted by the Commissioner for 30-day periods upon a showing by the applicant business entity of the reasons for requesting an extension and a determination by the Commissioner of good cause for the extension.

(d) As a condition precedent to provisionally approving a license under this section, the applicant business entity shall have filed an application required by this Part and the Commissioner shall have made a preliminary finding that the expertise, experience, and character of the person or persons who will control and manage the applicant business entity are acceptable.

(e) The Commissioner may limit the authority of any provisional licensee in any way deemed necessary.

(f) The Commissioner may rescind the provisional approval at any time if the Commissioner determines that the interests of insureds or the public are at risk.

(g) If the applicant business entity fails to complete the license application process, the provisional approval shall terminate automatically."

SECTION 4.1.(d) G.S. 58-10-350 reads as rewritten:

"§ 58-10-350. Commissioner use of consultants and other professionals.

The Commissioner may contract with consultants and other professionals to expedite and complete the application process, examinations, audits, and other regulatory activities required pursuant to this Part. Such contracts for financial, legal, examinations, audits, and other services shall not be subject to any of the following:

(1) G.S. 114-2.3.

(2) G.S. 147-17.

(3) Articles 3, 3C, and 8 of Chapter 143 of the General Statutes, together with rules and procedures adopted under those Articles concerning procurement, contracting, and contract review."

SECTION 4.1.(e) G.S. 58-10-355 reads as rewritten:

"§ 58-10-355. Organizational examination audit.

In addition to the processing of the application, an organizational investigation or examination audit may be performed before an applicant business entity is licensed. Such investigation or examination audit shall consist of a general survey of the applicant business entity's corporate records, including charters, bylaws, and minute books; verification of capital and surplus; verification of principal place of business; determination of assets and liabilities; and a review of such other factors as the Commissioner deems necessary."

SECTION 4.1.(f) G.S. 58-10-370 reads as rewritten:

"§ 58-10-370. Capital and surplus requirements.

(a) No applicant business entity shall be issued a license unless it possesses and maintains unimpaired paid-in capital and surplus of:

(1) In the case of a pure captive insurance company, not less than two hundred fifty thousand dollars ($250,000) or such other amount determined by the Commissioner.

(2) In the case of an association captive insurance company, not less than five hundred thousand dollars ($500,000).

(3) In the case of an industrial insured captive insurance company, not less than five hundred thousand dollars ($500,000)."
(4) In the case of a risk retention group, not less than one million dollars ($1,000,000).
(5) In the case of a protected cell captive insurance company, not less than two hundred fifty thousand dollars ($250,000) or such other amount determined by the Commissioner.
(6) In the case of a special purpose captive insurance company, not less than two hundred fifty thousand dollars ($250,000) or such other amount determined by the Commissioner.

(b) The Commissioner may prescribe additional capital and surplus based upon the type, volume, and nature of insurance business to be transacted.
(c) Capital and surplus required by subsections (a) and (b) of this section shall be in the form of cash, securities approved by the Commissioner, a clean irrevocable letter of credit issued by a bank approved by the Commissioner, or other form approved by the Commissioner.

SECTION 4.1.(g) G.S. 58-10-380 reads as rewritten:
§ 58-10-380. Formation of captive insurance companies.

SECTION 4.1.(h) G.S. 58-10-390(a) reads as rewritten:
§ 58-10-390. Conflict of interest.

SECTION 4.1.(i) G.S. 58-10-395 reads as rewritten:

SECTION 4.1.(j) G.S. 58-10-400 reads as rewritten:
§ 58-10-400. Insurance manager and intermediaries.

SECTION 4.1.(k) G.S. 58-10-405 reads as rewritten:
§ 58-10-405. Annual reports.
accepts the use of statutory accounting principles or other comprehensive basis of accounting. The Commissioner may require, approve, or accept any appropriate or necessary modifications of the statutory accounting principles or other comprehensive basis of accounting for the type of insurance and kinds of insurers to be reported upon. The Commissioner may require additional information to supplement such report. Except as otherwise provided, each risk retention group and association captive insurance company shall file its report in the form required by G.S. 58-2-165, and each risk retention group shall comply with the requirements set forth in G.S. 58-4-5. All other captive insurance companies shall report on forms adopted by the Commissioner. G.S. 58-10-345(f) shall apply to each report filed pursuant to this section. Branch captive insurance companies shall file the report required by this section unless otherwise required by G.S. 58-10-545. Special Purpose Financial Captive insurance companies shall report in accordance with G.S. 58-10-625.

(f) Extensions of the due date for filings required by this section may be granted by the Commissioner for 30-day periods upon a showing by the captive insurance company of the reasons for requesting an extension and determination by the Commissioner of good cause for the extension. The request for extension must be received in writing not less than 10 days before the due date and in sufficient detail to permit the Commissioner to make an informed decision with respect to the requested extension."

SECTION 4.1.(l) G.S. 58-10-415 reads as rewritten:

§ 58-10-415. Annual audit and statement of actuarial opinion.

(c) Captive insurance companies with less than one million two hundred thousand dollars ($1,200,000) in written premium may make a written request for exemption from the annual audit requirement. Such request must be made at least 90 days prior to the captive insurance company's fiscal year-end or as otherwise required by the Commissioner. Requests will be considered on a case-by-case basis and may be subject to the Commissioner receiving an annual audit of the captive insurance company's parent company in lieu of the annual audit of the captive insurance company.

(c1) Extensions of the due dates for filings required by this section may be granted by the Commissioner for 30-day periods upon a showing by the captive insurance company and its independent certified public accountant of the reasons for requesting an extension and determination by the Commissioner of good cause for the extension. The request for extension must be received in writing not less than 10 days before the due date and in sufficient detail to permit the Commissioner to make an informed decision with respect to the requested extension.

(c2) G.S. 58-10-345(f) shall apply to all information filed pursuant to this section.

(d) The annual audit shall consist of the following:

(1) Annual audited financial report. – The annual audited financial report shall include the following:

a. Financial statements. – Financial statements shall be prepared in accordance with generally accepted accounting principles, unless the Commissioner requires, approves, or accepts the use of statutory accounting principles or other comprehensive basis of accounting, with useful or necessary modifications or adaptations required, approved, or accepted by the Commissioner, and shall be audited by an independent certified public accountant in accordance with generally accepted auditing standards as determined by the American Institute of Certified Public Accountants. The Commissioner may require that the financial statements be supplemented by additional information.

b. Notes to financial statements. – The notes to financial statements shall be those required by generally accepted accounting principles, or as otherwise approved by the Commissioner, and shall also
include a reconciliation of differences, if any, between the audited financial report and the report of the captive insurance company's financial condition filed with the Commissioner in accordance with G.S. 58-10-405(b).

c. Related required auditor communications. – Copies of related required auditor communications in accordance with generally accepted auditing standards.

(2) Certified public accountant's affirmation. – The certified public accountant shall furnish a written statement in the engagement letter or other document submitted to the captive insurance company that the certified public accountant is aware of and will comply with the responsibilities imposed by G.S. 58-10-420(b) and G.S. 58-10-420(c).

SECTION 4.1.(m) G.S. 58-10-420 reads as rewritten:

§ 58-10-420. Independent certified public accountants.

c. A captive insurance company shall require its independent certified public accountant to make available for review by the Commissioner or his or her appointed agent the work papers prepared in the conduct of the audit of the captive insurance company. The captive insurance company shall require that the independent certified public accountant retain the audit work papers for a period of not less than five years after the period reported upon. The aforementioned review by the Commissioner shall be considered an examination audit and all working papers obtained during the course of such examination audit shall be confidential. The captive insurance company shall require that the independent certified public accountant provide copies, in such form as the Commissioner deems appropriate, of any of the working papers which the Commissioner considers relevant. Such working papers may be retained by the Commissioner. "Work papers" as referred to in this section include, but are not necessarily limited to, schedules, analyses, reconciliations, abstracts, memoranda, narratives, flow charts, copies of captive insurance company records, or other documents prepared or obtained by the independent certified public accountant and the independent certified public accountant's employees in the conduct of their audit of the captive insurance company.

d. The lead audit partner may not act in that capacity for more than five consecutive years. For purposes of this subsection, lead audit partner means the partner having primary responsibility for the audit. The person shall be disqualified from acting in that or similar capacity for the captive insurance company for a period of five consecutive years. A captive insurance company may make application to the Commissioner for relief from the above rotation requirement on the basis of unusual circumstances. This application should be made at least 30 days before the end of the fiscal year. The Commissioner may consider the following factors in determining if the relief should be granted:

(1) Number of partners, expertise of the partners, or the number of insurance clients in the firm; and

(2) Premium volume of the captive insurance company; and

(3) Number of jurisdictions in which the insurer transacts business.

SECTION 4.1.(n) G.S. 58-10-430 reads as rewritten:

§ 58-10-430. Examinations Audits.

(a) Whenever the Commissioner determines it to be prudent, the Commissioner shall examine the affairs of a captive insurance company to ascertain its financial condition, its ability to fulfill its obligations, and whether it has complied with this Part. The expenses and charges of the examination shall be paid by the captive insurance company.

(b) G.S. 58-2-160 shall apply to examinations conducted under this section.

(c) All examination reports, preliminary examination reports or results, working papers, recorded information, documents, and copies thereof produced by, obtained
by, or disclosed to the Commissioner or any other person in the course of an examination audit made under this section are confidential, are not subject to subpoena, and may not be made public by the Commissioner or an employee or agent of the Commissioner. Nothing in this subsection shall prevent the Commissioner from using such information in furtherance of the Commissioner’s regulatory authority under this Chapter. The Commissioner shall have the discretion to grant access to such information to public officials having jurisdiction over the regulation of insurance in any other state or country or to law enforcement officers of this State or any other state or agency of the federal government at any time only if the officials receiving the information agree in writing to maintain the confidentiality of the information in a manner consistent with this subsection.

(d) Risk retention groups are not subject to this section and shall instead be examined audited in accordance with the Examination Law, G.S. 58-2-131 through G.S. 58-2-134.

SECTION 4.1(o) G.S. 58-10-435 reads as rewritten:
§ 58-10-435. License suspension or revocation.
(a) The license of a captive insurance company may be suspended or revoked if the Commissioner finds, upon examination audit, hearing, or other evidence, that a captive insurance company has committed one or more of the violations described in subdivisions (1) through (7) of this subsection, or met any of the criteria in subdivisions (8) through (10) of this subsection, and that the suspension or revocation is in the best interest of the public and the policyholders of such captive insurance company, notwithstanding any other provision of this Chapter:

(1) Insolvency or impairment of capital or surplus.
(2) Failure to meet the requirements of G.S. 58-10-370.
(3) Refusal or failure to submit an annual report, as required by this Part, or any other report or statement required by law or by lawful order of the Commissioner.
(4) Failure to comply with its own charter, bylaws, or other organizational document.
(5) Failure to submit to or pay the cost of an examination audit or any legal obligation relative to an examination audit, as required by this Part.
(6) Use of methods that, although not otherwise specifically prohibited by law, nevertheless render its operation detrimental or its condition unsound with respect to the public or to its policyholders.
(7) Failure otherwise to comply with the laws of this State.
(8) Failure to commence business according to its plan of operation within two years of being licensed.
(9) Failure to carry on insurance business in or from this State.
(10) By request of the captive insurance company.

..."

SECTION 4.1(p) G.S. 58-10-440(c) reads as rewritten:
§ 58-10-440. Investment requirements.
(c) No captive insurance company or protected cell shall make a loan to or an investment in its parent company, an affiliated company, a controlled unaffiliated business, affiliate or a participant without prior written approval of the Commissioner, and any such loan or investment shall be evidenced by documentation approved by the Commissioner. Loans of minimum capital and surplus funds required by G.S. 58-10-370 are prohibited.

SECTION 4.1(q) G.S. 58-10-470 is repealed.

SECTION 4.1(r) Article 10 of Chapter 58 of the General Statutes is amended by adding a new section to read:
§ 58-10-496. Waiver or modification.
The Commissioner may waive or modify any provision of this Part if such waiver or modification, in the Commissioner's opinion, is justified, based on sound actuarial, accounting,
or business principles, and does not diminish the solvency prospects of the captive insurance company. No waiver or modification granted by the Commissioner pursuant to this section shall result in a greater regulatory burden than imposed by this Part prior to the exercise of such waiver or modification.

SECTION 4.1.(s) G.S. 58-10-505 reads as rewritten:

"§ 58-10-505. Additional filing requirements for applicant protected cell captive insurance companies.

In addition to the information required by G.S. 58-10-345(c), each applicant protected cell captive insurance company shall file with the Commissioner all of the following:

(1) Materials demonstrating how the applicant will account for the loss and expense experience of each protected cell at a level of detail found to be sufficient by the Commissioner, and how it will report such experience to the Commissioner.

(2) A statement acknowledging that all records of the applicant, including records pertaining to any protected cells, shall be made available for inspection or examination audit by the Commissioner or the Commissioner's designated agent.

(3) All contracts or sample contracts between the applicant business entity and any participants.

(4) A statement describing how expenses shall be allocated to each protected cell in a fair and equitable manner."

SECTION 4.1.(t) G.S. 58-10-510 reads as rewritten:


(a) A protected cell captive insurance company licensed under this Part may establish and maintain one or more incorporated or unincorporated protected cells, to insure risks of one or more participants, subject to the following conditions:

(1) A protected cell captive insurance company may establish one or more protected cells if the Commissioner has approved in writing a plan of operation or amendments to a plan of operation submitted by the protected cell captive insurance company with respect to each protected cell. A plan of operation shall include, but is not limited to, the specific business objectives and investment guidelines of the protected cell, provided that the Commissioner may require additional information in the plan of operation.

(2) Upon the Commissioner's written approval of the plan of operation, the protected cell captive insurance company may attribute insurance obligations with respect to its insurance business to the protected cell in accordance with the approved plan of operation.

(3) A protected cell shall have its own distinct name or designation that shall include the words "protected cell" or "incorporated cell."

(4) The protected cell captive insurance company shall transfer all assets attributable to a protected cell to one or more separately established and identified protected cell accounts bearing the name or designation of that protected cell. Protected cell assets must be held in the protected cell accounts for the purpose of satisfying the obligations of that protected cell.

(5) Repealed.

(6) All attributions of assets and liabilities between a protected cell and the general account shall be in accordance with the plans of operation and participant contracts approved by the Commissioner. Any attribution of assets between the general account and a protected cell shall be in cash or in readily marketable securities with established market values unless otherwise approved by the Commissioner.

...
(l1) In lieu of filing a separate Statement of Actuarial Opinion for a protected cell captive insurance company and each protected cell, a protected cell captive insurance company may file a combined Statement of Actuarial Opinion which shall include a statement of actuarial opinion for each protected cell, and the core, if the core is retaining risk. The combined Statement of Actuarial Opinion shall include a supplemental schedule showing the loss and loss expense reserves for each protected cell, and the core, if the core is retaining risk. The loss and loss expense reserve reported in the supplemental schedule must equal the loss and loss expense reserve amount reported in the audited financial statement and the annual report submitted pursuant to this Part.

(m) Each protected cell captive insurance company shall notify the Commissioner in writing within 10 business days if the protected cell captive insurance company or any of its protected cells are of any protected cell that is impaired, insolvent, or otherwise unable to meet its claim or expense obligations.

(q) A protected cell of a protected cell captive insurance company may be transferred to another protected cell captive insurance company or may be converted into another captive insurance company upon the approval of a transfer agreement or conversion plan by the Commissioner. All assets and liabilities of the protected cell immediately before the transfer or conversion shall remain the assets and liabilities after the transfer or conversion. All actions and other legal proceedings which were pending by or against the protected cell immediately prior to the transfer or conversion may be continued by or against the protected cell or the captive insurance company into which the protected cell converts.

SECTION 4.1.(u) G.S. 58-10-515(d) reads as rewritten:

"§ 58-10-515. Participants in a protected cell captive insurance company.

(d) Except as otherwise approved by the Commissioner, a participant shall insure only its own risks and the risks of its affiliates and controlled unaffiliated businesses through a protected cell captive insurance company."

SECTION 4.1.(v) G.S. 58-10-525 reads as rewritten:

"§ 58-10-525. Application of supervision, rehabilitation, and liquidation provisions to protected cell captive insurance companies.

(a) Except as otherwise provided in this Part, Article 30 of this Chapter shall apply to a protected cell captive insurance company and to each cell of a protected cell captive insurance company.

(b) Upon any order of supervision, rehabilitation, or liquidation of a protected cell or a protected cell captive insurance company, the Commissioner or receiver shall manage the assets and liabilities of the protected cell captive insurance company, including assets and liabilities attributed to protected cells, pursuant to this Part.

(c) Notwithstanding Article 30 of this Chapter:

(1) No assets of a protected cell shall be used to pay any expenses or claims other than those attributable to such protected cell.

(2) A Subject to G.S. 58-10-512(1), a protected cell captive insurance company's capital and surplus shall at all times be available to pay any expenses of, or claims against, the protected cell captive insurance company."

SECTION 4.1.(w) G.S. 58-10-550 reads as rewritten:

"§ 58-10-550. Examination-Audit of a branch captive insurance company.

(a) Any examination audit of a branch captive insurance company pursuant to G.S. 58-10-430 shall be of branch business and branch operations only so long as the branch captive insurance company files annually with the Commissioner a certificate of compliance, or its equivalent, issued by or filed with the licensing authority of the jurisdiction in which the branch captive insurance company is formed, and demonstrates to the Commissioner's
satisfaction that it is operating in sound financial condition in accordance with all applicable laws and regulations of such jurisdiction.

(b) As a condition of licensure, an alien captive insurance company shall grant authority to the Commissioner for examination-audit of the affairs of the alien captive insurance company in the jurisdiction in which the alien captive insurance company is formed.

SECTION 4.1.(x) G.S. 58-10-565 reads as rewritten:

"§ 58-10-565. Application requirements.

... (d) In addition to the information required by subsection (c) of this section and by G.S. 58-10-585, when a protected cell is used, an applicant SPFC shall file with the Commissioner:

(1) A business plan demonstrating how the applicant SPFC accounts for the loss and expense experience of each protected cell at a level of detail found to be sufficient by the Commissioner and how the applicant will report the experience to the Commissioner.

(2) A statement acknowledging that all records of the SPFC, including records pertaining to any protected cells, must be made available for inspection or examination-audit by the Commissioner.

(3) All contracts or sample contracts between the SPFC and any counterparty related to each protected cell.

(4) A description of the expenses allocated to each protected cell.

... (h) The Commissioner may retain legal, financial, and examination-audit services from outside the Department to examine-audit and investigate the application, the cost of which may be charged against the applicant. The Commissioner also may use internal resources to examine-audit and investigate the application based upon an hourly rate for the services performed or the usual and customary fee charged by the financial services industry for similar work subject to a minimum fee of twelve thousand dollars ($12,000), six thousand dollars ($6,000) of which is payable upon filing of the application and the remainder upon licensure.

..."

SECTION 4.1.(y) G.S. 58-10-585 reads as rewritten:

"§ 58-10-585. Establishment of protected cell accounts.

... (c) No SPFC contract with or attributable to a protected cell shall take effect without the Commissioner's prior written approval, and the addition of each new protected cell constitutes a change in the business plan requiring the Commissioner's prior written approval. The Commissioner may retain legal, financial, and examination-audit services from outside the Department to examine-audit and investigate the application for a protected cell, the cost of which may be charged against the applicant, or the Commissioner may use internal resources to examine-audit and investigate the application, the cost of which may be charged against the applicant, or both.

..."

SECTION 4.1.(z) G.S. 58-10-625 reads as rewritten:

"§ 58-10-625. Changes in plan of operation; filing of audit and statement of operation; examinations audits.

... (e) An SPFC shall maintain the SPFC's records in this State unless otherwise approved by the Commissioner and shall make its records available for examination-audit by the Commissioner at any time. The SPFC shall keep its books and records in such manner that its financial condition, affairs, and operations can be ascertained and so that the Commissioner may readily verify its financial statements and determine its compliance with this Part.

(f) All original books, records, documents, accounts, and vouchers shall be preserved and kept available in this State for the purpose of examination-audit and until authority to
destroy or otherwise dispose of the records is secured from the Commissioner. The original records, however, may be kept and maintained outside this State if, according to a plan adopted by the management of the SPFC and approved by the Commissioner, the SPFC maintains suitable copies instead of the originals. The books or records may be photographed, reproduced on film, or stored and reproduced electronically."

PART V. ACOS PARTICIPATING IN MEDICARE PROGRAMS

SECTION 5. Article 3 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-3-7. Certain accountable care organizations not subject to this Chapter.

This Chapter shall not apply to any accountable care organization approved by the Centers for Medicare and Medicaid Services (CMS) to participate in Medicare programs established under 42 U.S.C. § 1315a or 42 U.S.C. § 1395jjj. This exemption is limited to the activities performed by the accountable care organization pursuant to its agreement with CMS for participation in Medicare programs established under 42 U.S.C. § 1315a or 42 U.S.C. § 1395jjj."

PART VI. INSURANCE LAW AMENDMENTS, AS RECOMMENDED BY THE DEPARTMENT

SECTION 6.1. The Department shall be authorized to take appropriate action to plan for and establish a private flood insurance market for North Carolina, in the event that the federal government empowers the states to establish and operate such markets.

SECTION 6.2. Section 44.5(b) of S.L. 2015-264 is repealed.

SECTION 6.3. G.S. 58-56A-10(e) reads as rewritten:

"§ 58-56A-10. Civil Penalties for violations; administrative procedure.

…

(e) Upon petition of the Commissioner the court may order the pharmacy benefits manager who committed a violation specified in subsection (b) of this section to make restitution to the Department for extraordinary administrative expenses, including expenses under subsection (f) of this section, incurred in the investigation, hearing, and any appeals associated with the violation in such amount that would reimburse the agency for the expenses. The petition may be made at any time and also in any appeal of the Commissioner's order."

SECTION 6.4. G.S. 15A-1340.37(d) is repealed.

SECTION 6.5. G.S. 58-70-10 reads as rewritten:

"§ 58-70-10. Application to Commissioner for permit renewal.

Any person, firm, corporation or association desiring to renew a permit issued pursuant to G.S. 58-70-5 shall make application to the Commissioner of Insurance not less than 30 days prior to the expiration date of the then current permit. Such renewal applicant shall be entitled to a renewal permit upon submission to the Commissioner of Insurance of all the information as required by G.S. 58-70-5; provided, however, it shall be sufficient, wherever applicable, to reference the prior year's application if there has been no change as to any of the required information and it shall not be necessary to submit with a renewal application a new director's resolution. In addition, the applicant shall submit to the Commissioner a copy of a "continuation certificate" or paid receipt for renewal premiums for the collection agency bond for the year for which the renewal permit is applied. The application shall include a calculation in accordance with G.S. 58-70-20, and if the bond is increased, an endorsement by the surety. With a renewal application, the applicant shall submit a balance sheet for the last fiscal year ending prior to the application, certified true and correct by a corporate officer, partner, or proprietor, setting forth the current assets, fixed assets, current liabilities and positive net worth of the applicant. In calculating its positive net worth under this section, an applicant is not required to include in its balance sheet liabilities from the purchase of stock by or in connection with the applicant's employee stock ownership plan that is qualified under 26 U.S.C. §§ 401(a)
and 4975(e)(7) or to include in its balance sheet unallocated or unearned shares held in such a qualified employee stock ownership plan."

PART VII. EFFECTIVE DATE

SECTION 7. Section 1.1 of this act becomes effective October 1, 2017, and applies to accidents on or after that date. Section 1.2 of this act becomes effective October 1, 2017, and applies to policies issued, renewed, or amended on or after that date. Section 1.3(a) of this act becomes effective October 1, 2017, and applies to policies issued, renewed, or amended on or after that date. Sections 1.3(b) and 1.3(c) become effective October 1, 2017, and apply to filings submitted on or after that date. Sections 3.1, 3.2, and 6.4 of this act become effective December 1, 2016. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-79

H.B. 242

AN ACT TO MAKE VARIOUS CHANGES TO THE CHARTER SCHOOL LAWS.

The General Assembly of North Carolina enacts:

SECTION 1.1. G.S. 115C-218.5 reads as rewritten:

"§ 115C-218.5. Final approval of applications for charter schools.

(a) The State Board may grant final approval of an application if it finds the following:

(1) The application meets the requirements set out in this Article and such other requirements as may be adopted by the State Board of Education.

(2) The applicant has the ability to operate the school and would be likely to operate the school in an educationally and economically sound manner.

(3) Granting the application would achieve one or more of the purposes set out in G.S. 115C-218.

In reviewing applications for the establishment of charter schools within a local school administrative unit, the State Board is encouraged to give preference to applications that demonstrate the capability to provide comprehensive learning experiences to students identified by the applicants as at risk of academic failure.

(b) The State Board shall make final decisions on the approval or denial of applications by August 15 of a calendar year on all applications it receives prior to a date established by the Office of Charter Schools for receipt of applications in that application cycle. The State Board may make the final decision for approval contingent upon the successful completion of a planning period prior to enrollment of students.

(c) The State Board of Education may authorize a school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. The State Board shall not allocate any funds to the school until the school has obtained space.

(d) The State Board of Education may grant the initial charter for a period not to exceed 10 years. The State Board of Education shall renew the charter upon the request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:

(1) The charter school has not provided financially sound audits for the prior three years.

(2) The charter school's student academic outcomes for the past three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.

(3) The charter school is not, at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school's own bylaws, or the provisions set forth in its charter granted by the State Board of Education."
The State Board of Education shall review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards.

(a) A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education.

Except as provided in subsection (f) of this section, enrollment growth shall be considered a material revision of the charter application, and the State Board may approve such additional enrollment growth of greater than twenty percent (20%) only if the State Board finds all of the following:

1. The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment.
2. The charter school has commitments for ninety percent (90%) of the requested maximum growth.
3. The charter school is not currently identified as low-performing.
4. The charter school meets generally accepted standards of fiscal management.
5. The charter school is, at the time of the request for the enrollment increase, substantially in compliance with State law, federal law, the charter school’s own bylaws, and the provisions set forth in its charter granted by the State Board.

(f) It shall not be considered a material revision of a charter application and shall not require prior approval of the State Board for a charter school to do any of the following:

1. Increase its enrollment during the charter school’s second year of operation and annually thereafter by up to twenty percent (20%) of the school’s previous year’s enrollment.
2. Increase its enrollment during the charter school’s second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.
3. Expand to offer one grade higher or lower than the charter school currently offers if the charter school has (i) operated for at least three years, (ii) has not been identified as having inadequate performance as provided in G.S.115C-218.95(b), and (iii) has been in financial compliance as required by the State Board of Education.

SECTION 1.2. Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-218.6. Review and renewal of charters.

(a) The State Board of Education shall review the operations of each charter school at least once prior to the expiration of its charter to ensure that the school is meeting the expected academic, financial, and governance standards.

(b) The State Board of Education shall renew a charter upon the request of the chartering entity for subsequent periods of 10 years, unless one of the following applies:

1. The charter school has not provided financially sound audits for the immediately preceding three years.
2. The charter school’s student academic outcomes for the immediately preceding three years have not been comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located.
3. The charter school is not, at the time of the request for renewal of the charter, substantially in compliance with State law, federal law, the school’s own bylaws, or the provisions set forth in its charter granted by the State Board of Education.

If one of the conditions set forth in subdivisions (1) through (3) of this subsection applies, then the State Board may renew the charter for a period of less than 10 years or not renew the charter.
SECTION 1.3. Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-218.7. Material revisions of charters.
(a) A material revision of the provisions of a charter shall be made only upon the approval of the State Board of Education.
(b) Enrollment growth of greater than twenty percent (20%) shall be considered a material revision of the charter. The State Board may approve such additional enrollment growth of greater than twenty percent (20%) only if it finds all of the following:
(1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;
(2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;
(3) The charter school is not currently identified as low-performing;
(4) The charter school meets generally accepted standards of fiscal management;
(5) The charter school is, at the time of the request for the enrollment increase, substantially in compliance with State law, federal law, the charter school's bylaws, and the provisions set forth in its charter granted by the State Board.
(c) For the purposes of calculating actual enrollment and maximum authorized enrollment under subdivision (1) of subsection (b) of this section, if a charter school is pursuing a material revision of enrollment growth based on a proposed capital expansion of the charter school, but fails to meet the requirements of subdivision (1) of subsection (b) of this section, the State Board shall have the discretion to investigate and determine whether subdivision (1) of subsection (b) of this section may be waived to grant the school's material revision request to allow the capital expansion to move forward. In making such a determination, the charter school shall provide the State Board with documentation to show evidence that demonstrates sufficiently in the State Board's discretion all of the following:
(1) The requested increase in enrollment growth is within a reasonable margin of the threshold necessary to support the requested material revision;
(2) The charter school has secured financing for its proposed capital expansion conditioned on its obtaining the requested material revision of enrollment growth.
(d) If a charter school presents evidence of a proposed capital expansion as part of a request for a material revision of enrollment growth under this section that is granted by the State Board, and the charter school is not able to realize that capital expansion within two years of the grant of the material revision, the charter shall reflect the maximum authorized enrollment immediately preceding that material revision."

SECTION 1.4. Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

It shall not be considered a material revision of a charter and shall not require prior approval of the State Board for a charter school to do any of the following:
(1) Increase its enrollment during the charter school's second year of operation and annually thereafter by up to twenty percent (20%) of the school's previous year's enrollment.
(2) Increase its enrollment during the charter school's second year of operation and annually thereafter in accordance with planned growth as authorized in its charter.
(3) Expand to offer one grade higher or lower than the charter school currently offers if the charter school has (i) operated for at least three years, (ii) has not been identified as continually low-performing as provided in G.S. 115C-218.94, and (iii) has been in financial compliance as required by the State Board."

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SECTION 1.5. G.S. 115C-218.45(f) reads as rewritten:

"(f) The charter school may give enrollment priority to any of the following:

(1) Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this section, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.

(2) Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.

(3) Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:
   a. Children of the school's full-time employees.
   b. Children of the charter school's board of directors.

(4) A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent.

(5) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level.

(6) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level and both of the charter schools have an enrollment articulation agreement to accept students or are governed by the same board of directors."

SECTION 1.6. G.S. 115C-218.105 reads as rewritten:

§ 115C-218.105. State and local funds for a charter school.

(a) The State Board of Education shall allocate to each charter school:

(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency;

(2) An additional amount for each child attending the charter school who is a child with disabilities; and

(3) An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.

In accordance with G.S. 115C-218.5(d), G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.

In the event a child with disabilities leaves the charter school and enrolls in a public school during the first 60 school days in the school year, the charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a charter school during the first 60 school days in the school year, the State Board shall allocate to the charter school the pro rata amount of additional funds for children with disabilities.

(b) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations. However, State funds shall not be used to obtain any other interest in real property or mobile classroom units. No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political
subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions. Every contract or lease into which a charter school enters shall include the previous sentence. The school also may own land and buildings it obtains through non-State sources.

(c) If a student attends a charter school, the local school administrative unit in which the child resides shall transfer to the charter school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the charter school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and charter school may use the process for mediation of differences between the State Board and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a charter school located in the tax district for which these taxes are levied and in which the student resides.

(d) The local school administrative unit shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (c) of this section:

1. The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
2. The student membership numbers used to calculate the per pupil share of the local current expense fund.
3. How the per pupil share of the local current expense fund was calculated.
4. Any additional records requested by a charter school from the local school administrative unit in order for the charter school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

In addition, the local school administrative unit shall provide to the State Board of Education all of the information required by this subsection for each charter school to which it transfers a per pupil share of its local current expense fund. This information shall be provided to the State Board of Education by November 1 of each year. The State Board shall adopt a policy to govern the collection of this information. The State Board shall issue a letter of noncompliance to a local school administrative unit that does not provide the State Board with the information required by this subsection.

(e) Prior to commencing an action under subsection (c) of this section, the complaining party shall give the other party 15 days' written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (c) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than one year from the entry of any judgment.

SECTION 1.7.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-218.94. Identification of low-performing and continually low-performing charter schools.

(a) Identification of Low-Performing Charter Schools. – The State Board of Education shall identify low-performing charter schools on an annual basis. Low-performing charter schools are those that receive a school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15.

(b) Identification of Continually Low-Performing Charter Schools. – The State Board of Education shall identify continually low-performing charter schools on an annual basis. A continually low-performing charter school is a charter school that has been designated by the State Board as low-performing for at least two of three consecutive years.

SECTION 1.7.(b) G.S. 115C-218.95 reads as rewritten:
§ 115C-218.95. Causes for nonrenewal or termination; disputes.

(a) The State Board of Education may terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board upon any of the following grounds:

(1) Failure to meet the requirements for student performance contained in the charter;
(2) Failure to meet generally accepted standards of fiscal management;
(3) Violations of law;
(4) Material violation of any of the conditions, standards, or procedures set forth in the charter;
(5) Two-thirds of the faculty and instructional support personnel at the school request that the charter be terminated or not renewed; or
(6) Other good cause identified.

(b) The State Board shall adopt criteria for adequate performance by a charter school and shall identify charter schools with inadequate performance. The criteria shall include a requirement that a charter school which demonstrates no growth in student performance and has annual performance composites below sixty percent (60%) in any two years in a three-year period is inadequate.

(1) If a charter school is inadequate in the first five years of the charter, the charter school shall develop a strategic plan to meet specific goals for student performance that are consistent with State Board criteria and the mission approved in the charter school. The strategic plan shall be reviewed and approved by the State Board. The State Board is authorized to terminate or not renew a charter for failure to demonstrate improvement under the strategic plan.

(2) If a charter school is inadequate and has had a charter for more than five years, the State Board is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board. The State Board shall develop rules on the assumption of a charter by a new entity that include all aspects of the operations of the charter school, including the status of the employees. Public assets would transfer to the new entity and not revert to the local school administrative unit in which the charter school is located pursuant to G.S. 115C-218.100(b).

(b1) If a charter school is continually low-performing, the State Board is authorized to terminate, not renew, or seek applicants to assume the charter through a competitive bid process established by the State Board. However, the State Board shall not terminate or not renew the charter of a continually low-performing charter school solely for its continually low-performing status if the charter school has met growth in each of the immediately preceding three school years or if the charter school has implemented a strategic improvement plan approved by the State Board and is making measurable progress toward student performance goals. The State Board shall develop rules on the assumption of a charter by a new entity that includes all aspects of the operations of the charter school, including the status of the employees. Public assets shall transfer to the new entity and shall not revert to the local school administrative unit in which the charter school is located pursuant to G.S. 115C-218.100(b).

(c) The State Board of Education shall develop and implement a process to address contractual and other grievances between a charter school and the local board of education during the time of its charter.

(d) The State Board and the charter school are encouraged to make a good-faith attempt to resolve the differences that may arise between them. They may agree to jointly select a mediator. The mediator shall act as a neutral facilitator of disclosures of factual information, statements of positions and contentions, and efforts to negotiate an agreement settling the differences. The mediator shall, at the request of either the State Board or a charter school,
commence a mediation immediately or within a reasonable period of time. The mediation shall be held in accordance with rules and standards of conduct adopted under Chapter 7A of the General Statutes governing mediated settlement conferences but modified as appropriate and suitable to the resolution of the particular issues in disagreement.

Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation proceedings shall be conducted in private. Evidence of statements made and conduct occurring in a mediation are not subject to discovery and are inadmissible in any court action. However, no evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a mediation. The mediator shall not be compelled to testify or produce evidence concerning statements made and conduct occurring in a mediation in any civil proceeding for any purpose, except disciplinary hearings before the State Bar or any agency established to enforce standards of conduct for mediators. The mediator may determine that an impasse exists and discontinue the mediation at any time. The mediator shall not make any recommendations or public statement of findings or conclusions. The State Board and the charter school shall share equally the mediator's compensation and expenses. The mediator's compensation shall be determined according to rules adopted under Chapter 7A of the General Statutes."

SECTION 1.7.(c) G.S. 135-5.3(b7) reads as rewritten:

"(b7) The Board of Trustees may grant final approval of the application if it finds the following:

(1) The application meets the requirements set out in this Article.
(2) All members of the board of directors of the charter school have signed a written statement acknowledging and accepting the estimate provided under subsection (b5) of this section and the provisions of G.S. 135-8(i).
(3) The charter school has not been identified as inadequately-continually low-performing by the State Board of Education as provided in G.S. 115C-218.95(b). G.S. 115C-218.94.
(4) The charter school's most recent audited financial statements and independent audit report demonstrate that it is financially sound and can meet the financial obligations of participation in the Retirement System."

SECTION 1.7.(d) A charter school identified as inadequate that developed and is following a strategic plan required by G.S. 115C-218.95(b)(1), as repealed by this section, shall not be required to continue the strategic plan during the 2016-2017 school year and thereafter if that charter school has not been identified as low-performing under G.S. 115C-218.94.

SECTION 1.8. G.S. 115C-218.35 reads as rewritten:

"§ 115C-218.35. Charter school facilities.
(a) A charter school's specific location shall not be prescribed or limited by a local board or other authority except a zoning authority. The school may lease space from a local board of education or as is otherwise lawful in the local school administrative unit in which the charter school is located. If a charter school leases space from a sectarian organization, the charter school classes and students shall be physically separated from any parochial students, and there shall be no religious artifacts, symbols, iconography, or materials on display in the charter school's entrance, classrooms, or hallways. Furthermore, if a charter school leases space from a sectarian organization, the charter school shall not use the name of that organization in the name of the charter school.
(b) At the request of the charter school, the local board of education of the local school administrative unit in which the charter school will be located shall lease any available building or land to the charter school unless the board demonstrates that the lease is not economically or practically feasible or that the local board does not have adequate classroom space to meet its enrollment needs. For the purposes of this section, a building or land is available if it is closed, vacant, or otherwise unused for classrooms, administrative offices, or extracurricular activities of the schools of the local board of education. Notwithstanding any other law, a local board of education may provide a school facility to a charter school free of charge; however, the charter school is responsible for the maintenance of and insurance for the school facility."
(c) The local board of education shall make a decision on the charter's request to lease a building or land within 90 days of the request. If the local board of education does not make a decision within 90 days of the request of the charter school, the local board of education shall provide a written explanation of its reasons for not acting on the request within the 90-day time period to the North Carolina Charter Schools Advisory Board and the Joint Legislative Education Oversight Committee.

(d) If a charter school has requested to lease available buildings or land and is unable to reach an agreement with the local board of education, the charter school shall have the right to appeal to the board of county commissioners in which the building or land is located. The board of county commissioners shall have the final decision-making authority on the leasing of the available building or land."

SECTION 2. Section 6.5 of S.L. 2014-101 reads as rewritten:

"SECTION 6.5. Upon recommendations by the Office of Charter Schools and the Charter Schools Advisory Board, the State Board of Education shall adopt a process and rules for fast-track replication of high-quality charter schools currently operating in the State. The State Board of Education shall not require a planning year for applicants selected through the fast-track replication process. In addition to the requirements for charter applicants set forth in Part 6A of Article 16 of Chapter 115C of the General Statutes, the fast-track replication process adopted by the State Board of Education shall, at a minimum, require a board of directors of a charter school to demonstrate one of the following in order to qualify for fast-track replication:

(1) A charter school in this State governed by the board of directors has student academic outcomes that are comparable to the academic outcomes of students in the local school administrative unit in which the charter school is located and can provide three years of financially sound audits.

(2) The board of directors agrees to contract with an education management organization or charter management organization that can demonstrate that it can replicate high-quality charter schools in the State that have proven student academic success and financial soundness.

The State Board of Education shall ensure that the rules for a fast-track replication process provide that decisions by the State Board of Education on whether to grant a charter through the replication process are completed in less than 150 days no later than October 15 of the year immediately preceding the year of the proposed school opening. The State Board of Education shall adopt rules and procedures required by this section by December 15, 2014, within 90 days of the effective date of this act, and report to the Joint Legislative Education Oversight Committee by February 15, 2015, within 120 days of the effective date of this act."

SECTION 3. It is the intent of the General Assembly to study and revise the standards for identifying low-performing charter schools.

SECTION 4. Section 2 of this act is effective when it becomes law and applies beginning with applications submitted for fast-track replication of schools opening in the 2018-2019 school year. The remainder of this act is effective when it becomes law and applies beginning with the 2016-2017 school year.

In the General Assembly read three times and ratified this the 28th day of June, 2016.

Session Law 2016-80

H.B. 1033

AN ACT TO WAIVE THE FEE FOR A SPECIAL IDENTIFICATION CARD ISSUED TO A PERSON WITH A DEVELOPMENTAL DISABILITY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-37.7(d) reads as rewritten:

"(d) Expiration and Fee. – A special identification card issued to a person for the first time under this section expires when a drivers license issued on the same day to that person
would expire. A special identification card renewed under this section expires when a drivers license renewed by the card holder on the same day would expire.

The fee for a special identification card is the same as the fee set in G.S. 20-14 for a duplicate license. The fee does not apply to a special identification card issued to a resident of this State as follows:

(6) The applicant is appearing before the Division for the purpose of registering to vote in accordance with G.S. 163-82.19 and does not have other photo identification acceptable under G.S. 163-166.13. To obtain a special identification card without paying a fee, that applicant shall sign a declaration stating that applicant is registering to vote and does not have other photo identification acceptable under G.S. 163-166.13. Any declaration shall prominently include the penalty under G.S. 163-275(13) for falsely making the declaration.

(7) The applicant has a developmental disability. To obtain a special identification card without paying a fee pursuant to this subdivision, an applicant must present a letter from his or her primary care provider certifying that the applicant has a developmental disability. For purposes of this subdivision, the term "developmental disability" has the same meaning as in G.S. 122C-3."

SECTION 2. This act becomes effective October 1, 2016, and applies to special identification cards issued on or after that date.

In the General Assembly read three times and ratified this the 28th day of June, 2016.

Session Law 2016-81

AN ACT TO ENACT THE NORTH CAROLINA MONEY TRANSMITTERS ACT AS REQUESTED BY THE OFFICE OF THE NORTH CAROLINA COMMISSIONER OF BANKS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 53 of the North Carolina General Statutes is amended by adding a new Article to read:

"Article 16B.
"Money Transmitters Act.

§ 53-208.41. Title.
This act may be cited as the "North Carolina Money Transmitters Act."

§ 53-208.42. Definitions.
For purposes of this Article, the following definitions apply:
(1) Applicant. – A person filing an application for a license under this Article.
(2) Authorized delegate. – An entity designated by the licensee under the provisions of this Article to engage in the business of money transmission on behalf of a licensee from a branch office in this State.
(3) Branch office. – Any physical retail location within this State operated by the licensee or the licensee's authorized delegate at which the licensee engages in the business of money transmission. For the purposes of this Article, this includes automated kiosks.
(4) Commissioner. – The Commissioner of Banks of the State of North Carolina.
(5) Control. – The power, directly or indirectly, to direct the management or policy of the licensee or person subject to this Article, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a
director, general partner, or executive officer; (ii) directly or indirectly has
ownership of or the power to vote ten percent (10%) or more of a class of
outstanding voting securities; (iii) in the case of a limited liability company,
is a managing member; or (iv) in the case of a partnership, has the right to
receive upon dissolution, or has contributed, ten percent (10%) or more of
the capital, is presumed to control the licensee or person subject to this
Article.

(6) **Controlling person.** – Any person in control of a licensee or person subject to
this Article.

(7) **Depository institution.** – Any bank, savings association, mutual savings
bank, savings bank, or other institution as defined in Section 3 of the Federal
Deposit Insurance Act and any credit union whose share and deposit
accounts are insured by the National Credit Union Administration under the
Federal Credit Union Act.

(8) **Engage in the business of.** – For compensation or gain, or in expectation of
compensation or gain, either directly or indirectly, to make available
monetary transmission services to North Carolina consumers for personal,
family, or household purposes.

(9) **Executive officer.** – The chief executive officer, chief operating officer, chief
financial officer, chief compliance officer, chief technology officer, or any
other individual the Commissioner identifies who exercises significant
influence over, or participates in, major policy making decisions of the
applicant or licensee without regard to title, salary, or compensation.

(10) **Licensee.** – A person licensed under this Article.

(11) **Material litigation.** – Any litigation that, according to generally accepted
accounting principles, is deemed significant to an applicant's or licensee's
financial health and would be required to be referenced in that entity's annual
audited financial statements, report to shareholders, or similar documents.

(12) **Money transmission.** – To engage in the business of any of the following:

a. Sale or issuance of payment instruments or stored value primarily for
   personal, family, or household purposes; or

b. Receiving money or monetary value for transmission or holding
   funds incidental to transmission within the United States or to
   locations abroad by any and all means, including payment
   instrument, stored value, wire, facsimile, or electronic transfer,
   primarily for personal, family, or household purposes. This includes
   maintaining control of virtual currency on behalf of others.

(13) **Monetary value.** – A medium of exchange, whether or not redeemable in
money.

(14) **NMLS.** – The Nationwide Mortgage Licensing System and Registry or its
successors.

(15) **Outstanding transmission obligation.** –

a. Any payment instrument or stored value issued by the licensee which
   has been sold in the United States directly by the licensee, or any
   payment instrument or stored value issued by the licensee which has
   been sold by an authorized delegate of the licensee in the United
   States, but in either case has not yet been paid or refunded by the
   licensee.

b. Any money or monetary value received by the licensee for
   transmission that has not been remitted to the payee or refunded to
   the sender.

To the extent that the outstanding transmission obligation was received in
virtual currency, for the purposes of compliance with this Article, the
obligation shall be denominated in the amount or value to be transmitted to the payee.

(16) Payment instrument. – A check, draft, money order, traveler’s check, or other instrument for the transmission or payment of money or monetary value, whether or not negotiable. The term does not include a credit card voucher, letter of credit, or any other instrument that is redeemable by the issuer exclusively in goods or services.

(17) Permissible investments. – One or more of the following, but only to the extent that they are maintained in an account located in the United States:

a. Cash.
b. Certificates of deposit or other debt obligations of a depository institution, either domestic or foreign.
c. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances, which are eligible for purchase by member banks of the Federal Reserve System.
d. Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.
e. Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.
f. Shares in a money market mutual fund, interest-bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over-the-counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.
g. Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.
h. Value of receivables due to the licensee that are no more than 90 days past due or otherwise doubtful of collection.
i. Virtual currency owned by the licensee, but only to the extent of outstanding transmission obligations received by the licensee in like-kind virtual currency.
j. Any other investments or security device approved by the Commissioner.

(18) Person. – Any individual, partnership, limited liability company, limited partnership, association, joint-stock association, trust, corporation, or other group engaged in joint business activities however organized.

(19) Stored value. – Monetary value representing a claim against the issuer that is stored on an electronic or digital medium and is evidenced by an electronic or digital record, and that is intended and accepted for use as a means of redemption for money or monetary value or payment for goods or services. The term does not include stored value that is redeemable by the issuer exclusively in goods or services; stored value that is redeemable exclusively in goods or services limited to transactions involving a defined merchant or location or set of locations, such as a specific retailer or retail chain, college campus, or subway system; or program points, miles, or other units issued in connection with a customer affinity or rewards program, even if there is a secondary market for the stored value.

(20) Virtual currency. – A digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account, or a store
of value but only to the extent defined as stored value under G.S. 53-208.42(19), but does not have legal tender status as recognized by the United States Government.

"§ 53-208.43. License requirement.
(a) No person except those exempt pursuant to G.S. 53-208.44 shall engage in the business of money transmission in this State without a license as provided in this Article.
(b) A licensee may conduct its business in this State at one or more locations, directly or indirectly owned, or through one or more authorized delegates, or both, pursuant to the single license granted under this Article.
(c) For the purposes of this Article, a person is considered to be engaged in the business of money transmission in this State if that person solicits or advertises money transmission services from a Web site that North Carolina citizens may access in order to enter into those transactions by electronic means.

"§ 53-208.44. Exemptions.
(a) This Article shall not apply to any of the following:
(1) The United States or any department, agency, or instrumentality or by a contractor thereof.
(2) The United States Postal Service.
(3) The State or any political subdivisions or by a contractor thereof.
(4) Banks, credit unions, savings and loan associations, savings banks, or mutual banks organized under the laws of any state or the United States.
(5) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as a broker-dealer.
(6) The provision of electronic transfer of government benefits for any federal, state, or county governmental agency as defined in Regulation E, 12 C.F.R. § 1005 et seq., by a contractor for and on behalf of the United States or any department, agency, or instrumentality thereof, or any state or any political subdivisions thereof.
(7) A person that is engaged exclusively in any of the following:
   a. Delivering wages or salaries on behalf of employers to employees;
   b. Facilitating the payment of payroll taxes to State and federal agencies;
   c. Making payments relating to employee benefit plans;
   d. Making distribution of other authorized deductions from employees’ wages or salaries; or
   e. Transmitting other funds on behalf of an employer in connection with transactions related to employees.
(8) A person appointed by a payee to collect and process payments as the bona fide agent of the payee, provided the person can demonstrate to the Commissioner that:
   a. There exists a written agreement between the payee and agent directing the agent to collect and process payments on the payee's behalf;
   b. The payee holds the agent out to the public as accepting payments on the payee's behalf; and
   c. Payment is treated as received by the payee upon receipt by the agent.
This exemption would extend to those otherwise engaged in money transmission as set forth in G.S. 53-208.42(12)b., including those transactions conducted in whole or in part in virtual currency.
(b) Any person who seeks to engage in the business of money transmission in this State subject to exemption under (a)(7) or (a)(8) of this section shall submit a written request for verification of exemption to the Commissioner. Such request shall be in a form acceptable to
the Commissioner and shall include a copy of any written agreement and related documentation that is the basis for the specified exemption.

(c) Licensees may authorize delegates to engage in money transmission on their behalf subject to this Article subject to an express written agreement, which shall provide the following:

(1) The licensee appoints the person as its delegate with authority to engage in money transmission on behalf of the licensee in this State.

(2) Neither a licensee nor an authorized delegate may authorize sub-delegates without the written consent of the Commissioner.

(3) Authorized delegates, in their capacity as agents of the licensee, are subject to the supervision and regulation by the Commissioner notwithstanding exemption from licensure.

(4) The licensee shall issue a certificate of authority for each branch office at which it conducts licensed activities in this State through an authorized delegate, which shall be posted in public view and read as follows: "Money transmission on behalf of (licensee) is conducted at this location pursuant to the North Carolina Money Transmitters Act, N.C.G.S. § 53-208.41 et seq."

Licensees conducting money transmission subject to this Article are required to maintain full charge, control, and supervision of any authorized delegate and are responsible for ensuring any activity undertaken by an authorized delegate on behalf of the licensee is in compliance with this Article.

(d) The Commissioner may, by rule or by order, exempt from all or part of this Article any person, transaction, or class of persons or transactions if the Commissioner finds such action to be in the public interest and that the regulation of such persons or transactions is not necessary for the purposes of this Article.

§ 53-208.45. License application.

(a) Applications under this Article shall be filed through the NMLS in a form acceptable to the Commissioner. To be considered complete, all applications shall be verified by oath or affirmation of the applicant or a designee thereof and shall contain:

(1) The legal name, along with any assumed names or trade names, principal address, contact information, and social security number or taxpayer identification number of the applicant.

(2) The applicant's form and place of organization, if applicable.

(3) A certificate of good standing from the state in which the applicant was incorporated, if applicable.

(4) A certificate of authority from the North Carolina Secretary of State to conduct business in this State, if required by the North Carolina Business Corporations Act, Chapter 55 of the General Statutes, or other evidence of applicant's registration or qualification to do business in this State.

(5) A copy of the applicant's active money service business registration with the United States Department of Treasury Financial Crimes Enforcement Network.

(6) A detailed description of the organizational structure of the applicant, including the identity of parents or subsidiaries of the applicant, and the disclosure of whether any parent or subsidiary is publicly traded on any stock exchange.

(7) A detailed business plan, including a description of the activities conducted by the applicant, including a history of any existing operations and a description of the money transmission activities in which the applicant seeks to be engaged in the State.

(8) A copy of the applicant's policies and procedures, including the anti-money laundering compliance program.
(9) A detailed description of the applicant’s internal business controls, including controls specific to information technology and data integrity.

(10) The history of the material civil litigation and a record of any criminal convictions for the applicant, controlling person, and key management personnel for a 10-year period prior to the date of the application, including authorization to perform a federal and State criminal background check.

(11) The name, business and residence address, and employment history for the past five years for any controlling person and key management personnel.

(12) A sample payment instrument, if applicable, which bears the name and address or telephone number of the issuer clearly printed on the payment instrument.

(13) If the applicant seeks to engage in money transmission in this State through authorized delegates:
   a. A list identifying the proposed authorized delegates, including the name, mailing address, and other contact information of a representative of the authorized delegate and associated branch locations;
   b. A sample authorized delegate contract.

(14) The name and address of the clearing bank or banks on which the applicant's payment instruments will be drawn or through which the payment instruments will be payable.

(15) A copy of the applicant's most recent audited financial statement, including the balance sheet, statement of income or loss, statement of changes in shareholder equity, if applicable, and statement of changes in financial position and the applicant's audited financial statements for the immediately preceding two-year period. However, if the applicant is a wholly owned subsidiary of another corporation, the applicant may submit either the parent corporation's consolidated audited financial statements for the current year and for the immediately preceding two-year period or the parent corporation's Form 10K reports filed with the United States Securities and Exchange Commission for the prior three years in lieu of the applicant's financial statements. If the applicant is a wholly owned subsidiary of a corporation having its principal place of business outside the United States, similar documentation filed with the parent corporation's non-United States regulator may be submitted to satisfy this provision.

(16) Copies of all filings, if any, made by the applicant with the United States Securities and Exchange Commission, or with a similar regulator in a country other than the United States, within the year preceding the date of filing of the application.

(a) Upon request by the Commissioner or the Commissioner's designee, the applicant shall furnish any additional information necessary to enable the Commissioner to evaluate the application as required by G.S. 53-208.50.

(b) The Commissioner is authorized, for good cause shown, to waive any requirements of this section with respect to any application or to permit any applicant to submit equivalent information in lieu of the information required by this section.

§ 53-208.46. Minimum net worth.

(a) An applicant shall possess and a licensee shall maintain at all times a net worth of not less than two hundred fifty thousand dollars ($250,000) calculated in accordance with generally accepted accounting principles.

(b) The Commissioner may by order increase the amount of net worth required of an applicant or licensee if the Commissioner determines additional net worth is necessary to ensure safe and sound operation based on consideration of the following factors:

(1) The nature and volume of the projected or established business.
(2) The number of locations at or through which money transmission is or will be conducted.

(3) The amount, nature, quality, and liquidity of assets.

(4) The amount and nature of liabilities.

(5) The history of operations and prospects for earning and retaining income.

(6) The quality of operations and management.

(7) The nature and quality of controlling persons.

(8) The history of compliance with applicable State and federal law.

(9) Any other factors the Commissioner deems relevant.

"§ 53-208.47. Surety bond.

(a) Applicants shall be required to post a surety bond with the Commissioner at application and licensees shall maintain a surety bond in the amount of one hundred fifty thousand dollars ($150,000) to be subsequently adjusted as set forth in subsection (b) of this section.

(b) The surety bond amount required subsequent to initial licensure shall consist of a base amount of one hundred fifty thousand dollars ($150,000) for money transmission volumes in this State of no more than one million dollars ($1,000,000). However, if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of one million dollars ($1,000,000) but less than five million dollars ($5,000,000), then the licensee's bond amount shall be one hundred seventy five thousand dollars ($175,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of five million dollars ($5,000,000) but less than ten million dollars ($10,000,000), then the licensee's bond amount shall be two hundred thousand dollars ($200,000); if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of ten million dollars ($10,000,000) but less than fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred twenty-five thousand dollars ($225,000); and if a licensee has transmission volume in North Carolina in a 12-month period ending December 31 in excess of fifty million dollars ($50,000,000), then the licensee's bond amount shall be two hundred fifty thousand dollars ($250,000).

(c) Any increased surety bond required under subsection (b) shall be filed with the Commissioner on or before May 31 annually. Failure to obtain the additional surety bond required is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

(d) The surety bond shall be in a form satisfactory to the Commissioner and shall run to the State for the benefit of any claimants against the licensee to secure the faithful performance of the obligations of the licensee with respect to the receipt, handling, transmission, and payment of money or monetary value in connection with the sale and issuance of payment instruments, stored value, or transmission of money. The Commissioner has the discretion to require the applicant obtain additional insurance coverage to address related cybersecurity risks inherent in the applicant's business model as it relates to virtual currency transmission and to the extent such risks are not within the scope of the required surety bond.

(e) The aggregate liability of the surety in no event shall exceed the principal sum of the bond. Claimants against the licensee may themselves bring suit directly on the security bond, or the Commissioner may bring suit on behalf of claimants, either in one action or in successive actions.

(f) In lieu of a surety bond, the licensee may deposit with the Commissioner, or with any bank in this State designated by the licensee and approved by the Commissioner, an aggregate amount, based upon principal amount or market value, whichever is lower, of not less than the amount of the surety bond or portion thereof, the following:

(1) Unencumbered cash.

(2) Unencumbered interest-bearing bonds.

(3) Unencumbered notes.

(4) Unencumbered debentures.
(5) Unencumbered obligations of the United States or any agency or instrumentality thereof, or guaranteed by the United States.

(6) Unencumbered obligations of this State or of any political subdivision of the State, or guaranteed by this State.

The securities or cash shall be deposited as aforesaid and held to secure the same obligations as would the surety bond, but the depositor shall be entitled to receive all interest and dividends thereon, shall have the right, with the approval of the Commissioner, to substitute other securities for those deposited, and shall be required to do so on written order of the Commissioner made for good cause shown.

(g) The surety bond shall remain in effect until cancellation, which may occur only after 90 days' written notice to the Commissioner. Cancellation shall not affect any liability incurred or accrued during that period.

(h) The surety bond shall remain in place for no less than five years after the licensee censes money transmission operations in the State. However, notwithstanding this provision, the Commissioner may permit the surety bond to be reduced or eliminated prior to that time to the extent that the amount of the licensee's outstanding payment instruments, stored value obligations, and money transmitted in this State is reduced.

(i) The surety bond proceeds and any cash or other collateral posted as security by a licensee shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments, stored value obligations, and money transmissions and to the State in the event of the bankruptcy of the licensee.

§ 53-208.48. Permissible investments and statutory trust.

(a) Each licensee under this Article shall possess at all times unencumbered permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding transmission obligations. This requirement may be waived by the Commissioner if the dollar volume of a licensee's outstanding transmission obligations does not exceed the bond or other security devices posted by the licensee pursuant to G.S. 53-208.47.

(b) Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of the bankruptcy of the licensee.

§ 53-208.49. Application fees and annual assessment.

(a) Application Fees. Each application for initial licensure shall be accompanied by a nonrefundable filing fee of one thousand five hundred dollars ($1,500).

(b) Annual Assessment. For the purpose of meeting the cost of regulation under this Article, each licensee shall pay to the Commissioner an annual assessment as provided in this subsection. The annual assessment shall consist of a base amount of five thousand dollars ($5,000) for volumes of no more than one million dollars ($1,000,000) plus an additional sum, calculated on the transmission dollar volume reported by the licensee pursuant to G.S. 53-208.53 for the previous calendar year. The cumulative assessment shall be calculated as follows:

<table>
<thead>
<tr>
<th>Transmission in U.S. Dollar Volume</th>
<th>Per U.S. Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000,001 to $5,000,000</td>
<td>$0.0008</td>
</tr>
<tr>
<td>$5,000,001 to $10,000,000</td>
<td>$0.0006</td>
</tr>
<tr>
<td>$10,000,001 to $50,000,000</td>
<td>$0.00004</td>
</tr>
<tr>
<td>More Than $50,000,000</td>
<td>$0.0000006</td>
</tr>
</tbody>
</table>

The Commissioner may collect the assessment provided for in this subsection annually or in periodic installments as approved by the State Banking Commission.
§ 53-208.50. Issuance of license.  
(a) Upon receipt of a complete license application, as set forth under G.S. 53-208.45, the Commissioner shall investigate the financial condition and responsibility, financial and business experience, the character and general fitness of the applicant, and any other matters deemed relevant by the Commissioner. The Commissioner may require additional information and may require the amendment of the application in the course of the investigation. An applicant's failure to furnish all required information within 30 days after filing the application or within 30 days of a request by the Commissioner for additional information may be considered an abandonment of the application. In the course of the investigation, the Commissioner may conduct an on-site examination of the applicant, the reasonable cost of which shall be borne by the applicant.  
(b) The Commissioner may only approve an application for licensure when the Commissioner has determined that all of the following requirements have been satisfied or are reasonably likely to be satisfied within a reasonable time period as specified by the Commissioner in the order of approval:  
(1) The applicant has satisfied the requirements imposed by this Article;  
(2) The applicant's business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community;  
(3) The applicant has demonstrated net worth necessary to satisfy the requirements in accordance with G.S. 53-208.46;  
(4) The applicant has obtained a surety bond in conformance with G.S. 53-208.47;  
(5) That neither the applicant nor any controlling person are identified on the Specially Designated Nationals and Blocked Persons List prepared by the United States Department of the Treasury or the United States Department of State subject to Presidential Executive Order No. 13224, Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism;  
(6) The controlling persons and key management personnel, as a group, have degrees of character, competence, and experience which command the confidence and trust of the community and justify the belief that the applicant will operate safely, soundly, and in compliance with the law;  
(7) The anticipated volume and nature of business projected in the application are reasonable and indicate a reasonable likelihood of safe and sound operation.  
(c) Licenses issued under this Article are perpetual and not assignable. Control of a licensee shall not be acquired through a stock purchase, merger, or other device without prior written consent of the Commissioner. The Commissioner shall not give written consent if the Commissioner finds that any of the grounds for denial, revocation, or suspension as set forth under G.S. 53-208.56 are applicable to the acquiring person.  
§ 53-208.51. Prohibited practices.  
No person required to be licensed under this Article shall:  
(1) Fail to remit all money or monetary value received for transmission pursuant to G.S. 53-208.42(12)b., or give instructions committing equivalent money or monetary value to the person designated by the sender within 10 days after receipt by the licensee unless otherwise directed by the sender;  
(2) Fail to immediately notify the Commissioner in writing if the licensee dishonors or fails to satisfy any money transmission transaction within the 10 days following receipt for any reason other than direction by the sender;  
(3) Engage in the business of money transmission in the State under any name other than that which it is organized or otherwise authorized to do business in the State;
(4) Fail to comply with the Federal Bank Secrecy Act, 31 U.S.C. 5311 et seq., and 31 C.F.R. Part 1022, including maintenance of active registration with the United States Department of Treasury Financial Crimes Enforcement Network;

(5) Fail to comply with the Federal Electronic Funds Transfer Act, 12 U.S.C. 1693 et seq., and Regulation E, 12 C.F.R. 1005 et seq.;

(6) Fail to safeguard identifying information obtained in the course of money transmission and otherwise comply with the requirements set forth under G.S. 75-60 et seq.;

(7) Fail to comply with applicable State and federal laws and regulations related to the business of money transmission;

(8) Use or cause to be published or disseminated any advertising communication which contains any false, misleading, or deceptive statement or representation; or

(9) Engage in unfair, deceptive, or fraudulent practices.

§ 53-208.52. Maintenance of records.
(a) Each licensee shall maintain such books, accounts, and other records as the Commissioner may require for a period of no less than three years unless the Commissioner, by rule, prescribes otherwise for particular types of records. Such records shall be segregated from any other business in which the licensee is engaged and, at a minimum, include:

(1) A record or records of each payment instrument sold,

(2) A general ledger containing all assets, liability, capital, income, and expense accounts, which general ledger shall be posted at least monthly;

(3) Settlement sheets received from authorized delegates.

(4) Bank statements and bank reconciliation records.

(5) Records of outstanding transmissions, payment instruments, and stored value.

(6) Records of each payment instrument paid within the three-year period.

(7) A list of the names and addresses of all of the licensee's proposed authorized delegates, if any, and a copy of each written agreement in conformance with G.S. 53-208.44(c)(1).

(a) Maintenance of the documents required by this section in the form of any digital or electronic medium shall constitute compliance with this section provided records remain readily convertible into legible, tangible documents and shall be treated as originals for the purposes of any examination or investigation conducted pursuant to this Article.

(b) All records required to be maintained shall be secured against unauthorized access and damage and may be maintained at a location outside this State so long as they are made accessible to the Commissioner on seven days' written notice.

(c) All records required to be maintained under this Article shall be prepared in accordance with generally accepted accounting principles, where applicable.

(d) A licensee shall notify the Commissioner of any change in the location of its records within 10 days following such change.

§ 53-208.53. Reporting.
(a) Annual Report. No later than 90 days after the end of the calendar year, licensees shall file an annual report in a form prescribed by the Commissioner through NMLS, which shall include:

(1) A copy of its most recent audited consolidated annual financial statement, including balance sheet, statement of income or loss, statement of changes in shareholder's equity, if applicable, and statement of changes in financial position, or, in the case of a licensee that is a wholly owned subsidiary of another corporation, the consolidated audited annual financial statement of the parent corporation may be filed in lieu of the licensee's audited financial statement;
(2) The total amount of outstanding transmission obligations;
(3) Any material changes to any of the information submitted by the licensee on its original application, which have not been previously reported to the Commissioner on any other report required to be filed under this Article;
(4) Copies of bank statements and other documentation necessary to document the existence and quality of the licensee's permissible investments; and
(5) A list of the branch offices at which business regulated by this Article is being conducted by either the licensee or its authorized delegates.

(b) Quarterly Reports. No later than 60 days after the calendar quarter has ended, licensees shall file a quarterly call report in a form prescribed by the Commissioner through NMLS, which shall at a minimum include:

(1) The number and dollar volume of money transmission transactions in the State by activity type; and
(2) The total amount of outstanding transmission obligations;

(c) Other Reports of Condition. A licensee shall submit to the Commissioner through the NMLS reports of condition and any other reports requested by the Commissioner in order to carry out the purposes of this Article.

(d) Failure to timely submit any reports required under this section is grounds for summary suspension pursuant to G.S. 53-208.57(d)(2).

§ 53-208.54. Notice of Material Event.

(a) Within 15 days of a change or acquisition of control of a licensee, the licensee shall provide notice of the event to the Commissioner through NMLS in writing and in a form prescribed by the Commissioner. The notice shall be accompanied by any information, data, and records required by the Commissioner.

(b) Within 15 days of the occurrence of any one of the events listed below, a licensee shall file a written report with the Commissioner through NMLS describing the event and its expected impact on the licensee's activities in the State:

(1) The filing for bankruptcy or reorganization by the licensee.
(2) The institution of revocation or suspension proceedings against the licensee by any State or governmental authority with regard to the licensee's money transmission activities.
(3) Any felony indictment of the licensee or any controlling person or key management personnel related to money transmission activities.
(4) Any felony conviction of the licensee or any controlling person or key management personnel related to money transmission activities.

(c) If the information contained in any document filed with the Commissioner or the NMLS is or becomes inaccurate or incomplete in any material respect, the licensee or applicant shall within 30 days file a correcting amendment to the information contained in the document.

§ 53-208.55. Examination and investigation authority.

(a) For purposes of initial licensure, suspension, conditioning, revocation, or termination, or general or specific inquiry, investigation, or examination to determine compliance with this Article, the Commissioner may access, receive, and use any books, accounts, records, files, documents, information, or evidence including:

(1) Criminal, civil, and administrative history information;
(2) Personal history and experience information;
(3) Any other documents, information, or evidence the Commissioner deems relevant to the inquiry, investigation, or examination regardless of the location, possession, control, or custody of the documents, information, or evidence.

(b) For purposes of investigating violations or complaints arising under this Article, or for the purposes of examination, the Commissioner may review, investigate, or examine any licensee, individual, or person subject to this Article in order to carry out the purposes of this Article. The Commissioner may interview the controlling persons, employees, independent
contractors, delegates, third-party vendors, and customers of the licensee concerning the licensee's business. The Commissioner may direct, subpoena, or order the person to produce books, accounts, records, files, and any other documents the Commissioner deems relevant to the inquiry. Any investigation or examination that, in the opinion of the Commissioner, requires extraordinary review, investigation, or special examination shall be subject to the actual costs of the additional expenses and the hourly rate for the staff's time, to be determined annually by the State Banking Commission.

(c) Each person subject to this Article shall make available to the Commissioner upon request the books and records relating to the operations of the licensee or person. No person subject to examination or investigation under this section may knowingly withhold, abstract, remove, mutilate, destroy, or secrete any books, records, or other information retained in any format. Each person subject to this Article shall also make available for interview by the Commissioner the controlling persons, employees, independent contractors, delegates, and third-party vendors of the person concerning money transmission subject to this Article.

(d) Each person subject to this Article shall make or compile such reports or prepare other information as may be directed or requested by the Commissioner in order to carry out the purposes of this section.

(e) In making any examination or investigation authorized by this Article, the Commissioner may control access to any documents and records of the person under examination or investigation. The Commissioner may take possession of the documents and records, or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with consent of the Commissioner. Unless the Commissioner has reasonable grounds to believe the documents or records have been or are at risk of destruction, the person shall retain access as necessary to conduct its ordinary business.

(f) In order to carry out the purposes of this section, the Commissioner may:
(1) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and records and related information obtained under this section;
(2) Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this Article;
(3) Accept and rely on examination or investigation reports made by other government officials, within or without this State;
(4) Accept audit reports made by an independent certified public accountant or other qualified third-party auditor for any person subject to this Article and may incorporate the audit report in the report of examination or investigation.

§ 53-208.56. Licensure authority.

The Commissioner may by order, deny, suspend, revoke, or refuse to issue a license under this Article, or may restrict or limit the manner in which a licensee or applicant engages in the business of money transmission, if the Commissioner finds both of the following:

(1) That the order is in the public interest; and
(2) Any of the following circumstances apply:
   a. Any fact or condition exists that, if it had existed at the time of application, would have been grounds for denial;
   b. The licensee or applicant has filed any application, report, or other document with the Commissioner containing statements that, in light of the circumstances in which they were made, were false or misleading with respect to a material fact;
   c. The licensee or applicant fails at any time to meet the requirements of G.S. 53-208.46, 53-208.47, or 53-208.48.

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d. A controlling person or key management personnel of the licensee or applicant has been convicted of:

1. A misdemeanor in the last 10 years involving fraud, money laundering, theft or wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or conspiracy to commit any of these offenses or involving any financial service or financial service-related business; or

2. Any felony in the last seven years.

e. The licensee or applicant has violated or failed to comply with any provision of this Article, rule issued pursuant to this Article, or order of the Commissioner;

f. The licensee has conducted its business in an unsafe or unsound manner;

g. The licensee or applicant is insolvent, has suspended payment of its obligations, has made an assignment for the benefit of its creditors, or has admitted in writing its inability to pay its debts as they become due;

h. The licensee fails to respond to and cooperate fully with notices from the Commissioner or the Commissioner's designee related to the scheduling and conducting of an examination or investigation pursuant to § 53-208.55;

i. The licensee or applicant fails to respond to inquiries from the Commissioner or the Commissioner's designee regarding any complaints filed, which allege or involve violation of this Article;

j. The licensee fails to make any report required by this Article;

k. The licensee or applicant is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the money transmission business; or

l. The licensee or applicant is the subject of an order entered within the past five years by the authority of any state or federal agency with jurisdiction over the business of money transmission.

§ 53-208.57. Disciplinary authority.

(a) Unless otherwise provided, all administrative actions and hearings conducted pursuant to this Article shall proceed in accordance with Article 3A of Chapter 150B of the General Statutes.

(b) Upon issuance of any summary order permitted under this Article the Commissioner shall promptly notify the person subject to the order that the order has been entered and the reasons for the order. Within 20 days of receiving notice of the order, the person subject to the order may request in writing a hearing before the Commissioner. Upon receipt of such a request, the Commissioner shall calendar a hearing within 15 days. If a licensee does not request a hearing, the order will remain in effect unless it is modified or vacated by the Commissioner.

(c) The Commissioner may by order:

(1) Impose a civil money penalty upon any person required to be licensed under this Article for any violation of or failure to comply with this Article or any order of the Commissioner in an amount specified by the Commissioner, not to exceed five thousand dollars ($5,000) for each violation or, in the case of a continuing violation, one thousand dollars ($1,000) for each day that the violation continues. Each violation of or failure to comply with this Article shall be a separate and distinct violation. All civil money penalties collected under this Article shall be paid to the county school fund.
(2) Require that any person required to be licensed under this Article to disgorge and pay to the sender any amounts that were not remitted or refunded in violation of G.S. 53-208.51(1).

(d) In addition to the summary suspension procedures authorized by G.S. 150B-3(c), if the Commissioner has reason to believe that a licensee or person subject to this Article may have violated or failed to comply with any provision of this Article and has reason to believe that such violation or failure to comply presents an imminent threat to the public, the Commissioner may:

(1) Summarily order the licensee or person subject to this Article to cease and desist from any harmful activities or violations of this Article;

(2) Summarily suspend the license of a licensee under this Article.

(e) When a licensee is subject to disciplinary action under this Article, the licensee, with the consent and approval of the Commissioner, may surrender the license and all the rights and privileges pertaining to it. A person who surrenders a license shall not be eligible for or submit any application for licensure under this Article during any period specified by the Commissioner.

(f) If it appears to the Commissioner that any person has committed or is about to commit a violation of any provision of this Article or of any rule or order of the Commission, the Commission may apply to Wake County Superior Court for an order enjoining the person from violating or continuing to violate this Article or any rule, regulation, or order and for injunctive or such other relief as the nature of the case may require.

(g) The requirements of this Article apply to any person who seeks to avoid its application by any device, subterfuge, or pretense whatsoever, including structuring a transaction in a manner to avoid classification of the transaction as money transmission.

(h) The Commissioner, in the exercise of reasonable judgment, may compromise, settle, and collect civil penalties with any person for violations of any provision of this Article, or of any rule, regulation, or order issued or promulgated to this Article.

§ 53-208.58. Criminal penalties.

(a) Any person who knowingly and willfully violates any provision of this Article for which a penalty is not specifically provided is guilty of a Class 1 misdemeanor.

(b) Any person who knowingly and willfully makes a material, false statement in any document filed or required to be filed under this Article with the intent to deceive the recipient of the document is guilty of a Class 1 misdemeanor.

(c) Any person who knowingly and willfully engages in the business of money transmission without a license as provided herein shall be guilty of a Class 1 misdemeanor.

§ 53-208.59. Confidentiality.

(a) Notwithstanding any other provision of law, all information or reports obtained by the Commissioner from an applicant, licensee, or authorized delegate, whether obtained through reports, applications, examination, audits, investigation, or otherwise, including (i) all information contained in or related to examination, investigation, operating, or condition reports prepared by, on behalf of, or for the use of the Commissioner; and (ii) financial statements, balance sheets, or authorized delegate information are subject to confidential treatment as set forth under G.S. 53C-2-7.

(b) The Commissioner is authorized to enter agreements or sharing arrangements with other governmental agencies or associations representing governmental agencies and may share otherwise confidential information pursuant to these written agreements, but only to the extent permitted by G.S. 53C-2-7(d). Information shared pursuant to the agreements authorized under this section shall retain any and all applicable privilege and related confidentiality protections provided by State or federal law.

(c) Nothing in this section shall prohibit the Commissioner from releasing to the public a list of persons licensed under this Article or aggregated financial data on those licensees.
§ 53-208.60. Rules.
(a) The State Banking Commission may adopt rules necessary to implement this Article.
(b) Pursuant to G.S. 53C-2-6(b), any person aggrieved by any rule or order of the Commissioner under this Act may appeal to the State Banking Commission for review upon providing notice in writing within 20 days after the act complained of is adopted, issued, or done. Notwithstanding any other provision of law, any aggrieved party to a decision of the State Banking Commission shall be entitled to petition for judicial review pursuant to G.S. 53C-2-6(b).

§ 53-208.61. Service of process.
(a) Any person subject to this Article is deemed to have:
   (1) Consented to the jurisdiction of the courts of this State for all actions arising under this Article; and
   (2) Appointed the Secretary of State as such person’s agent for the purpose of accepting service of process in any action, suit, or proceeding that may arise under this Article.
(b) For the purposes of this Article, the Commissioner shall be deemed to have complied with the requirements of law concerning service of process upon mailing by certified mail any notice required or permitted to a person subject to this Article, postage prepaid and addressed to the last known address on file with the Commissioner.

§ 53-208.62. Commissioner’s participation in nationwide registry.
(a) The Commissioner may require all persons subject to this Article to be licensed through the NMLS, and upon issuing such requirement, the Commissioner shall establish a reasonable transition period. In order to carry out these requirements, the Commissioner is authorized to participate in the NMLS.
(b) The Commissioner is authorized to establish relationships or contracts with the NMLS or other entities designated by the NMLS to collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to this Article.
(c) For the purpose of participating in the NMLS, the Commissioner is authorized to waive or modify, in whole or in part, any or all of the requirements as reasonably necessary to participate in the NMLS.

§ 53-208.63. Severability.
Should any provision, sentence, clause, section, or part of this Article for any reason be held unconstitutional, illegal, or invalid, such unconstitutionality, illegality, or invalidity shall not affect or impair any of the remaining provisions, sentences, clauses, sections, or parts of this Article.

§ 53-208.64. Transition.
Any person who holds in good standing a money transmitters license issued by the Commissioner on or after November 1, 2014, may continue to engage in such business subject to the requirements of this Article.

SECTION 2. Article 16A of Chapter 53 of the General Statutes is repealed.
SECTION 3. This act becomes effective October 1, 2015.
In the General Assembly read three times and ratified this the 28th day of June, 2016.

Session Law 2016-82

H.B. 960

AN ACT TO MODIFY THE ABILITY OF A MEMBER OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM TO PURCHASE CREDIT FOR EMPLOYMENT IN A CHARTER SCHOOL OPERATED BY A PRIVATE NONPROFIT CORPORATION AND TO REQUIRE COST ESTIMATES FOR STATUTORY CHANGES TO SERVICE PURCHASE PROVISIONS.
The General Assembly of North Carolina enacts:

SECTION 1. G.S. 135-4(cc) reads as rewritten:
"(cc) Credit for Employment in Charter School Operated by a Private Nonprofit Corporation. – Any member may purchase creditable service for any employment as an employee of a charter school operated by a private nonprofit corporation whose board of directors did not elect to participate in the Retirement System under G.S. 135-5.3 upon completion of five years of membership service after that charter school employment by making a lump-sum payment into the Annuity Savings Fund. The payment by the member shall be equal to the full liability of the service credits calculated on the basis of the assumptions used for purposes of the actuarial valuation of the Retirement System's liabilities, taking into account the additional retirement allowance arising on account of the additional service credits commencing at the earliest age at which the member could retire with an unreduced retirement allowance, as determined by the Board of Trustees upon the advice of the actuary plus an administrative expense fee to be determined by the Board of Trustees. Creditable service purchased under this subsection shall not exceed a total of five years. Notwithstanding the foregoing provisions of this subsection that provide for the purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost" include assumed annual postretirement allowance increases, as determined by the Board of Trustees, from the earliest age at which a member could retire on an unreduced service allowance."

SECTION 2. G.S. 135-8(b)(5)d. is repealed.

SECTION 3. G.S. 120-114 is amended by adding a new subsection to read:
"(g) In addition to the other requirements of this section, if a bill or resolution adds or modifies service purchase provisions, the Fiscal Research Division shall obtain an estimate of the cost impact of those provisions using the 30-year United States Treasury constant maturity and cost-of-living adjustment and salary increase assumptions consistent with that rate as of December of the year of the most recent actuarial valuation in addition to the cost of the provision using the valuation assumptions."

SECTION 4. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-83

AN ACT TO MODIFY THE MINIMUM ACREAGE REQUIREMENTS IN CERTAIN TRACTS OF LAND USED AS CEMETERIES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 65-69 reads as rewritten:
§ 65-69. Minimum acreage; sale or disposition of cemetery lands.
(a) Each licensee shall set aside a minimum of 30 acres of land for use by said licensee as a cemetery, and shall not sell, mortgage, lease or encumber the same.
(b) The fee simple title, or lesser estate, in any lands owned by licensee and dedicated for use by it as a cemetery, which are contiguous, adjoining, or adjacent to the minimum of 30 acres described in subsection (a), may be sold, conveyed, or disposed of, or any part thereof, by the licensee, for use by the new owner for other purposes than as a cemetery; provided that no bodies have been previously interred therein; and provided further, that any and all titles, interests, or burial rights which may have been sold or contracted to be sold in such lands which are the subject of such sale shall be conveyed to and revested in the licensee prior to consummation of any such sale, conveyance or disposition.
(c) Any licensee may convey and transfer to a municipality or county its real and personal property together with moneys deposited with the trustee; provided said municipality or county will accept responsibility for maintenance thereof and prior written approval of the Commission is first obtained.
(d) The provisions of subsections (a) and (b) of this section relating to the requirement for minimum acreage shall not apply to those cemeteries licensed by the Commission on or before July 1, 1967, which own or control a total of less than 30 acres of land; provided that such cemeteries shall not dispose of any of such lands. A nongovernment lien or other interest in land acquired in violation of this section is void.

(d1) Notwithstanding subsection (a) of this section, cemeteries licensed by the Commission, or initially incorporated with the North Carolina Secretary of State, between July 2, 1967, and September 1, 1975, may sell, mortgage, lease, or encumber the minimum acres of land required by subsection (a) of this section, provided notice is given to the Commission 10 days prior to the transaction, if all of the following criteria are met:

1. At the time of licensure or initial incorporation, the population of the county in which the cemetery is located did not exceed 45,000 people according to the appropriate federal decennial census.
2. Another private or public cemetery is located within a five mile radius of the cemetery that is subject to the proposed transaction.
3. At least 15 acres of cemetery land remain for use by the licensee as a cemetery, without mortgage, lease, or encumbrance.
4. The purchaser of the land shall transfer to the perpetual care fund an amount equal to ten percent (10%) of the consideration or value of the interest conveyed, on up to 15 acres sold, within 60 days of the sale."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-84

AN ACT AUTHORIZING THE LOCAL GOVERNMENT COMMISSION TO REQUIRE BASIC FINANCIAL TRAINING FOR FINANCE OFFICERS OF CERTAIN LOCAL GOVERNMENTS AND PUBLIC AUTHORITIES.

The General Assembly of North Carolina enacts:

"§ 159-25. Duties of finance officer; dual signatures on checks; internal control procedures subject to Commission regulation.

(a) The finance officer shall have the following powers and duties:

1. He shall keep the accounts of the local government or public authority in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission.
2. He shall disburse all funds of the local government or public authority in strict compliance with this Chapter, the budget ordinance, and each project ordinance and shall preaudit obligations and disbursements as required by this Chapter.
3. As often as may be requested by the governing board or the manager, he shall prepare and file with the board a statement of the financial condition of the local government or public authority, as often as may be requested by the governing board or the manager.
4. He shall receive and deposit all moneys accruing to the local government or public authority, or supervise the receipt and deposit of money by other duly authorized officers or employees.
5. He shall maintain all records concerning the bonded debt and other obligations of the local government or public authority, determine the amount of money that will be required for debt service or the payment of other obligations during each fiscal year, and maintain all sinking funds.
(6) He shall supervise the investment of idle funds of the local government or public authority.

(7) He shall perform such other duties as may be assigned to him by law, by the manager, budget officer, or governing board, or by rules and regulations of the Commission.

(8) Attend any training required by the Local Government Commission under this section.

All references in other portions of the General Statutes, local acts, or city charters to county, city, special district, or public authority accountants, treasurers, or other officials performing any of the duties conferred by this section on the finance officer shall be deemed to refer to the finance officer.

(b) Except as otherwise provided by law, all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer and countersigned by another official of the local government or public authority designated for this purpose by the governing board. If the board makes no other designation, the chairman of the board or chief executive officer of the local government or public authority shall countersign these checks and drafts. The governing board of a unit or authority may waive the requirements of this subsection if the board determines that the internal control procedures of the unit or authority will be satisfactory in the absence of dual signatures.

(c) The Local Government Commission has authority to issue rules and regulations having the force of law governing procedures for the receipt, deposit, investment, transfer, and disbursement of money and other assets by units of local government and public authorities, may inquire into and investigate the internal control procedures of a local government or public authority, and may require any modifications in internal control procedures which, in the opinion of the Commission, are necessary or desirable to prevent embezzlements or mishandling of public moneys.

(d) The Local Government Commission has the authority to require any finance officer or any other employee who performs the duties of a finance officer to participate in training related to the powers, duties, and responsibilities of the finance officer, if the Commission is exercising its authority under Article 10 of this Chapter with respect to the employing local government or public authority or the employing local government or public authority has received a unit letter from the Commission due to a deficiency in complying with this Chapter. The Commission may collaborate with the School of Government at the University of North Carolina, the North Carolina Community College System, and other educational institutions in the State to develop and deliver the training required by this subsection.

SECTION 2. G.S. 159-6 is amended by adding a new subsection to read:

"(f) The Commission may charge and collect fees for expenses incurred in developing and delivering the training for finance officers and other employees who perform the duties of a finance officer under G.S. 159-25."

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 27th day of June, 2016.
the form of action. The amount of liability shall be determined based on the nature of the goods or services covered by the contract; however, there shall be a presumptive limitation of no more than two times the value of the contract. Limitation of liability pursuant to this subsection shall specifically include, but not be limited to, the contractor's liability for damages and any other losses relating to the loss of, unauthorized access to, or unauthorized disclosure of data.

The amount of liability for damages and any other losses relating to the loss of, unauthorized access to, or unauthorized disclosure of data may be raised to no more than three times the value of the contract if all of the following apply:

(1) The State CIO completes a risk assessment prior to the bid solicitation or request for proposal.

(2) The risk assessment determines that an increase in the liability amount is necessary to protect the State's best interests.

(3) The bid solicitation or request for proposal indicates that increased liability will be required for the resulting contract.

The State CIO shall report annually to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Information Technology no later than March 1 regarding the contracts containing liability amounts of more than two times the value of the contract.

Prior to entering into any contract subject to the provisions of this Part, the Department or the separate agency, as applicable, shall reasonably determine that the contractor possesses sufficient financial resources, either independently or through third-party sources, such as insurance, to satisfy the agreed upon limitation of liability. The limitation of liability required by this subsection shall not apply to liability of the contractor for intentional or willful misconduct, damage to tangible personal property, physical injuries to persons, or any notification costs resulting from compliance with G.S. 132-1.10(c1). Nothing in this subsection (i) limits the contractor's liability directly to third parties or (ii) affects the rights and obligations related to contribution among joint tortfeasors established by Chapter 1B of the General Statutes and other applicable law.

SECTION 2. This act is effective when it becomes law and applies to contracts entered into, extended via the exercise of options or otherwise, renewed, or amended on or after that date.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-86  
S.B. 19

AN ACT TO ADJUST THE UNIFORM FEE FOR RECORDING DEEDS OF TRUST WITH THE REGISTER OF DEEDS IN ORDER TO COMPLY WITH CLOSING DISCLOSURE REQUIREMENTS ESTABLISHED BY THE FEDERAL TRUTH IN LENDING AND REAL ESTATE SETTLEMENT PROCEDURES ACTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 161-10(a) reads as rewritten:

"§ 161-10. Uniform fees of registers of deeds.

(a) Except as otherwise provided in this Article, all fees collected under this section shall be deposited into the county general fund. While performing the duties of the office, the register of deeds shall collect the following fees which shall be uniform throughout the State:

(1a) Deeds of Trust, Mortgages, and Cancellation of Deeds of Trust and Mortgages. – For registering or filing any deed of trust or mortgage, whether written, printed, or typewritten, mortgage the fee shall be fifty-six sixty-four dollars ($56.00) ($64.00) for the first 15-35 pages plus four dollars ($4.00) for each additional page or fraction thereof.
When a deed of trust or mortgage is presented for registration that contains one or more additional instruments, the fee shall be ten dollars ($10.00) for each additional instrument. A deed of trust or mortgage contains one or more additional instruments if such additional instrument or instruments has or have different legal consequences or intent, each of which is separately executed and acknowledged and could be recorded alone.

For recording records of satisfaction, or the cancellation of record by any other means, of deeds of trust or mortgages, there shall be no fee.

**SECTION 2.** This act becomes effective October 1, 2016.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Session Law 2016-87

H.B. 1044

AN ACT TO CREATE A PUBLIC SERVICE ALERT SYSTEM TO AID IN THE APPREHENSION OF SUSPECTS WHO KILL OR INFlict SERIOUS BODILY INJURY ON A LAW ENFORCEMENT OFFICER; TO PROVIDE THAT THE HEAD OR CHIEF OF A LAW ENFORCEMENT AGENCY MAY DESIGNATE A PERSON TO SUBMIT A WRITTEN REQUEST FOR A DEADLY WEAPON TO BE TURNED OVER TO A LAW ENFORCEMENT AGENCY; TO AMEND THE SILVER ALERT SYSTEM TO EXPAND THE CLASS OF CITIZENS IT PROTECTS; TO PREVENT MOTOR CARRIERS FROM AVOIDING CIVIL PENALTIES OWED TO THE STATE BY TRANSFERRING TITLE PRIOR TO PAYMENT; TO MAKE MINOR CHANGES TO THE DEFINITION OF EMERGENCY IN THE NORTH CAROLINA EMERGENCY MANAGEMENT ACT; TO PROVIDE THAT THE SAMARCAND TRAINING ACADEMY IS SPECIFICALLY EXEMPTED FROM THE UMSTEAD ACT; AND TO CREATE AN EXCEPTION TO THE LENGTH OF SERVICE REQUIREMENTS FOR FORENSIC SCIENTISTS TO BECOME CAREER STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

**SECTION 1.** Subpart B of Part 5 of Article 13 of Chapter 143B of the General Statutes is amended by adding a new section to read:


(a) There is established within the North Carolina Center for Missing Persons the Blue Alert System. The purpose of the Blue Alert System is to aid in the apprehension of a suspect who kills or inflicts serious bodily injury on a law enforcement officer by providing a statewide system for the rapid dissemination of information regarding the suspect. The term "serious bodily injury" is as defined in G.S. 14-32.4(a).

(b) The Center shall make every effort to rapidly disseminate information on a suspect when the following criteria are met:

(1) A law enforcement officer is killed or suffers serious bodily injury.

(2) A law enforcement agency with jurisdiction (i) determines that the suspect poses a threat to the public and other law enforcement personnel and (ii) possesses information that may assist in locating the suspect, including information regarding the suspect's vehicle, complete or partial license plate information, and a detailed description of the suspect, or that a law enforcement officer is missing while on duty under circumstances warranting concern for the law enforcement officer's safety.

(3) The head of a law enforcement agency with jurisdiction recommends the issuance of a blue alert to the Center.

(c) The Center shall adopt guidelines and develop procedures for the statewide implementation of the Blue Alert System and shall provide education and training to encourage radio and television broadcasters to participate in the alert.

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(d) The Center shall consult with the Department of Transportation and develop a procedure for the use of overhead permanent changeable message signs to provide information on a suspect when the criteria established in subsection (b) of this section are met. The Center and the Department of Transportation shall develop guidelines for the content, length, and frequency of any message to be placed on the overhead permanent changeable message sign pursuant to the issuance of a blue alert.

(e) The Center shall consult with the Division of Emergency Management in the Department of Public Safety to develop a procedure for the use of the Blue Alert System to provide information on a suspect when the criteria established in subsection (b) of this section are met."

SECTION 2. G.S. 14-269.1(4b) reads as rewritten:

"(4b) By ordering the weapon turned over to a law enforcement agency in the county of trial for (i) the official use of the agency or (ii) sale, trade, or exchange by the agency to a federally licensed firearm dealer in accordance with all applicable State and federal firearm laws. The court may order a disposition of the firearm pursuant to this subdivision only upon the written request of the head or chief of the law enforcement agency or a designee of the head or chief of the law enforcement agency and only if the firearm has a legible, unique identification number. If the law enforcement agency sells the firearm, then the proceeds of the sale shall be remitted to the appropriate county finance officer as provided by G.S. 115C-452 to be used to maintain free public schools. The receiving law enforcement agency shall maintain a record and inventory of all firearms received pursuant to this subdivision."

SECTION 3. G.S. 143B-1022 reads as rewritten:


(a) There is established within the North Carolina Center for Missing Persons the Silver Alert System. The purpose of the Silver Alert System is to provide a statewide system for the rapid dissemination of information regarding a missing person or missing child who is believed to be suffering from dementia or other cognitive impairment, dementia, Alzheimer's disease, or a disability that requires them to be protected from potential abuse or other physical harm, neglect, or exploitation.

(b) If the Center receives a report that involves a missing person or missing child who is believed to be suffering from dementia or other cognitive impairment, for the protection of the missing person or missing child from potential abuse or other physical harm, neglect, or exploitation as described in subsection (a) of this section, the Center shall issue an alert providing for rapid dissemination of information statewide regarding the missing person or missing child. The Center shall make every effort to disseminate the information as quickly as possible when the person's or child's status as missing has been reported to a law enforcement agency.

(c) The Center shall adopt guidelines and develop procedures for issuing an alert for missing persons and missing children believed to be suffering from dementia or other cognitive impairment as described in subsection (a) of this section and shall provide education and training to encourage radio and television broadcasters to participate in the alert. The guidelines and procedures shall ensure that specific health information about the missing person or missing child is not made public through the alert or otherwise.

..."

SECTION 4. G.S. 20-54 reads as rewritten:

"§ 20-54. Authority for refusing registration or certificate of title.

The Division shall refuse registration or issuance of a certificate of title or any transfer of registration upon any of the following grounds:

..."
The Division has been notified by the State Highway Patrol that the owner of the vehicle has failed to pay any civil penalty and fees imposed by the State Highway Patrol for a violation of Part 9 of Article 3 of this Chapter."

SECTION 5. G.S. 166A-19.3(6) reads as rewritten:
"(6) Emergency. – An occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or man-made accidental, military, paramilitary, terrorism, weather-related, or technological failure or accident, including, but not limited to, a cyber incident, an explosion, a transportation accident, a radiological accident, or a chemical or other hazardous material incident."

SECTION 6. G.S. 66-58(b) is amended by adding a new subdivision to read:
"(28) Samarcand Training Academy."

SECTION 7. G.S. 126-1.1 reads as rewritten:
"§ 126-1.1. Career State employee defined.
(a) For the purposes of this Chapter, unless the context clearly indicates otherwise, "career State employee" means a State employee or an employee of a local entity who is covered by this Chapter pursuant to G.S. 126-5(a)(2) who:
(1) is in a permanent position with a permanent appointment, and
(2) has been continuously employed by the State of North Carolina or a local entity as provided in G.S. 126-5(a)(2) in a position subject to the North Carolina Human Resources Act for the immediate 12 preceding months.
(b) As used in this Chapter, "probationary State employee" means a State employee who is in a probationary appointment and is exempt from the provisions of the North Carolina Human Resources Act only because the employee has not been continuously employed by the State for the time period required by subsection (a) or (c) of this section.
(c) Notwithstanding the provisions of subsection (a) above, employees who are hired by a State agency, department or university in a sworn law enforcement position or forensic scientist position and who are required to complete a formal training program prior to assuming law enforcement or forensic scientist duties with the hiring agency, department or university shall become career State employees only after being employed by the agency, department or university for 24 continuous months."

SECTION 8. Section 4 of this act becomes effective October 1, 2016, and applies to violations committed on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-88  H.B. 972

AN ACT TO PROVIDE THAT RECORDINGS MADE BY LAW ENFORCEMENT AGENCIES ARE NOT PUBLIC RECORDS, TO ESTABLISH WHETHER, TO WHOM, AND WHAT PORTIONS OF A RECORDING MAY BE DISCLOSED OR A COPY RELEASED, TO ESTABLISH THE PROCEDURE FOR CONTESTING A REFUSAL TO DISCLOSE A RECORDING OR TO OBTAIN A COPY OF A RECORDING, TO DIRECT STATE OR LOCAL LAW ENFORCEMENT AGENCIES TO PROVIDE, UPON REQUEST, ACCESS TO A METHOD TO VIEW AND ANALYZE RECORDINGS TO THE STATE BUREAU OF INVESTIGATION AND THE NORTH CAROLINA STATE CRIME LABORATORY, TO AUTHORIZE GOVERNMENTAL AND NONGOVERNMENTAL ORGANIZATIONS TO ESTABLISH AND OPERATE HYPODERMIC SYRINGE AND NEEDLE EXCHANGE PROGRAMS, AND TO OFFER LIMITED IMMUNITY TO EMPLOYEES, VOLUNTEERS, AND PARTICIPANTS OF AUTHORIZED HYPODERMIC SYRINGE AND NEEDLE EXCHANGE PROGRAMS.
The General Assembly of North Carolina enacts:

SECTION 1. Chapter 132 of the General Statutes is amended by adding a new section to read:

"§ 132-1.4A. Law enforcement agency recordings.

(a) Definitions. – The following definitions apply in this section:

(1) Body-worn camera. – An operational video or digital camera or other electronic device, including a microphone or other mechanism for allowing audio capture, affixed to the uniform or person of law enforcement agency personnel and positioned in a way that allows the camera or device to capture interactions the law enforcement agency personnel has with others.

(2) Custodial law enforcement agency. – The law enforcement agency that owns or leases or whose personnel operates the equipment that created the recording at the time the recording was made.

(3) Dashboard camera. – A device or system installed or used in a law enforcement agency vehicle that electronically records images or audio depicting interaction with others by law enforcement agency personnel. This term does not include body-worn cameras.

(4) Disclose or disclosure. – To make a recording available for viewing or listening to by the person requesting disclosure, at a time and location chosen by the custodial law enforcement agency. This term does not include the release of a recording.

(5) Personal representative. – A parent, court-appointed guardian, spouse, or attorney of a person whose image or voice is in the recording. If a person whose image or voice is in the recording is deceased, the term also means the personal representative of the estate of the deceased person; the deceased person's surviving spouse, parent, or adult child; the deceased person's attorney; or the parent or guardian of a surviving minor child of the deceased.

(6) Recording. – A visual, audio, or visual and audio recording captured by a body-worn camera, a dashboard camera, or any other video or audio recording device operated by or on behalf of a law enforcement agency or law enforcement agency personnel when carrying out law enforcement responsibilities. This term does not include any video or audio recordings of interviews regarding agency internal investigations or interviews or interrogations of suspects or witnesses.

(7) Release. – To provide a copy of a recording.

(b) Public Record and Personnel Record Classification. – Recordings are not public records as defined by G.S. 132-1. Recordings are not personnel records as defined in Part 7 of Chapter 126 of the General Statutes, G.S. 160A-168, or G.S. 153A-98.

(c) Disclosure; General. – Recordings in the custody of a law enforcement agency shall be disclosed only as provided by this section. A person requesting disclosure of a recording must make a written request to the head of the custodial law enforcement agency that states the date and approximate time of the activity captured in the recording or otherwise identifies the activity with reasonable particularity sufficient to identify the recording to which the request refers.

The head of the custodial law enforcement agency may only disclose a recording to the following:

(1) A person whose image or voice is in the recording.

(2) A personal representative of an adult person whose image or voice is in the recording, if the adult person has consented to the disclosure.

(3) A personal representative of a minor or of an adult person under lawful guardianship whose image or voice is in the recording.
(4) A personal representative of a deceased person whose image or voice is in the recording.

(5) A personal representative of an adult person who is incapacitated and unable to provide consent to disclosure.

When disclosing the recording, the law enforcement agency shall disclose only those portions of the recording that are relevant to the person's request. A person who receives disclosure pursuant to this subsection shall not record or copy the recording.

(d) Disclosure; Factors for Consideration. – Upon receipt of the written request for disclosure, as promptly as possible, the custodial law enforcement agency must either disclose the portion of the recording relevant to the person's request or notify the requestor of the custodial law enforcement agency's decision not to disclose the recording to the requestor.

The custodial law enforcement agency may consider any of the following factors in determining if a recording is disclosed:

(1) If the person requesting disclosure of the recording is a person authorized to receive disclosure pursuant to subsection (c) of this section.

(2) If the recording contains information that is otherwise confidential or exempt from disclosure or release under State or federal law.

(3) If disclosure would reveal information regarding a person that is of a highly sensitive personal nature.

(4) If disclosure may harm the reputation or jeopardize the safety of a person.

(5) If disclosure would create a serious threat to the fair, impartial, and orderly administration of justice.

(6) If confidentiality is necessary to protect either an active or inactive internal or criminal investigation or potential internal or criminal investigation.

(e) Appeal of Disclosure Denial. – If a law enforcement agency denies disclosure pursuant to subsection (d) of this section, or has failed to provide disclosure more than three business days after the request for disclosure, the person seeking disclosure may apply to the superior court in any county where any portion of the recording was made for a review of the denial of disclosure. The court may conduct an in-camera review of the recording. The court may order the disclosure of the recording only if the court finds that the law enforcement agency abused its discretion in denying the request for disclosure. The court may only order disclosure of those portions of the recording that are relevant to the person's request. A person who receives disclosure pursuant to this subsection shall not record or copy the recording. An order issued pursuant to this subsection may not order the release of the recording.

In any proceeding pursuant to this subsection, the following persons shall be notified and those persons, or their designated representative, shall be given an opportunity to be heard at any proceeding: (i) the head of the custodial law enforcement agency, (ii) any law enforcement agency personnel whose image or voice is in the recording and the head of that person's employing law enforcement agency, and (iii) the District Attorney. Actions brought pursuant to this subsection shall be set down for hearing as soon as practicable, and subsequent proceedings in such actions shall be accorded priority by the trial and appellate courts.

(e1) Release of Recordings to Certain Persons; Expedited Process. – Notwithstanding the provisions of subsection (f) of this section, a person authorized to receive disclosure pursuant to subsection (c) of this section, or the custodial law enforcement agency, may petition the superior court in any county where any portion of the recording was made for an order releasing the recording to a person authorized to receive disclosure. There shall be no fee for filing the petition which shall be filed on a form approved by the Administrative Office of the Courts and shall state the date and approximate time of the activity captured in the recording, or otherwise identify the activity with reasonable particularity sufficient to identify the recording. If the petitioner is a person authorized to receive disclosure, notice and an opportunity to be heard shall be given to the head of the custodial law enforcement agency. Petitions filed pursuant to this subsection shall be set down for hearing as soon as practicable and shall be accorded priority by the court.
The court shall first determine if the person to whom release of the recording is requested is a person authorized to receive disclosure pursuant to subsection (c) of this section. In making this determination, the court may conduct an in-camera review of the recording and may, in its discretion, allow the petitioner to be present to assist in identifying the image or voice in the recording that authorizes disclosure to the person to whom release is requested. If the court determines that the person is not authorized to receive disclosure pursuant to subsection (c) of this section, there shall be no right of appeal and the petitioner may file an action for release pursuant to subsection (f) of this section.

If the court determines that the person to whom release of the recording is requested is a person authorized to receive disclosure pursuant to subsection (c) of this section, the court shall consider the standards set out in subsection (f) of this section and any other standards the court deems relevant in determining whether to order the release of all or a portion of the recording. The court may conduct an in-camera review of the recording. The court shall release only those portions of the recording that are relevant to the person's request and may place any conditions or restrictions on the release of the recording that the court, in its discretion, deems appropriate.

(f) Release of Recordings; General; Court Order Required. — Recordings in the custody of a law enforcement agency shall only be released pursuant to court order. Any custodial law enforcement agency or any person requesting release of a recording may file an action in the superior court in any county where any portion of the recording was made for an order releasing the recording. The request for release must state the date and approximate time of the activity captured in the recording, or otherwise identify the activity with reasonable particularity sufficient to identify the recording to which the action refers. The court may conduct an in-camera review of the recording. In determining whether to order the release of all or a portion of the recording, in addition to any other standards the court deems relevant, the court shall consider the applicability of all of the following standards:

(1) Release is necessary to advance a compelling public interest.
(2) The recording contains information that is otherwise confidential or exempt from disclosure or release under State or federal law.
(3) The person requesting release is seeking to obtain evidence to determine legal issues in a current or potential court proceeding.
(4) Release would reveal information regarding a person that is of a highly sensitive personal nature.
(5) Release may harm the reputation or jeopardize the safety of a person.
(6) Release would create a serious threat to the fair, impartial, and orderly administration of justice.
(7) Confidentiality is necessary to protect either an active or inactive internal or criminal investigation or potential internal or criminal investigation.
(8) There is good cause shown to release all portions of a recording.

The court shall release only those portions of the recording that are relevant to the person's request, and may place any conditions or restrictions on the release of the recording that the court, in its discretion, deems appropriate.

In any proceeding pursuant to this subsection, the following persons shall be notified and those persons, or their designated representative, shall be given an opportunity to be heard at any proceeding: (i) the head of the custodial law enforcement agency, (ii) any law enforcement agency personnel whose image or voice is in the recording and the head of that person's employing law enforcement agency, and (iii) the District Attorney. Actions brought pursuant to this subsection shall be set down for hearing as soon as practicable, and subsequent proceedings in such actions shall be accorded priority by the trial and appellate courts.

(g) Release of Recordings; Law Enforcement Purposes. — Notwithstanding the requirements of subsections (c), (e1), and (f) of this section, a custodial law enforcement agency shall disclose or release a recording to a district attorney (i) for review of potential criminal charges, (ii) in order to comply with discovery requirements in a criminal prosecution,
(iii) for use in criminal proceedings in district court, or (iv) any other law enforcement purpose, and may disclose or release a recording for any of the following purposes:

1. For law enforcement training purposes.
2. Within the custodial law enforcement agency for any administrative, training, or law enforcement purpose.
3. To another law enforcement agency for law enforcement purposes.
4. For law enforcement training purposes.
5. Within the custodial law enforcement agency for any administrative, training, or law enforcement purpose.
6. To another law enforcement agency for law enforcement purposes.
7. To any other law enforcement purpose.

(h) Retention of Recordings. – Any recording subject to the provisions of this section shall be retained for at least the period of time required by the applicable records retention and disposition schedule developed by the Department of Natural and Cultural Resources, Division of Archives and Records.

(i) Agency Policy Required. – Each law enforcement agency that uses body-worn cameras or dashboard cameras shall adopt a policy applicable to the use of those cameras.

(j) No civil liability shall arise from compliance with the provisions of this section, provided that the acts or omissions are made in good faith and do not constitute gross negligence, willful or wanton misconduct, or intentional wrongdoing.

(k) Fee for Copies. – A law enforcement agency may charge a fee to offset the cost incurred by it to make a copy of a recording for release. The fee shall not exceed the actual cost of making the copy.

(l) Attorneys' Fees. – The court may not award attorneys' fees to any party in any action brought pursuant to this section.”

SECTION 2.(a) Article 23 of Chapter 153A of the General Statutes is amended by adding a new section to read:

“§ 153A-458. SBI and State Crime Laboratory access to view and analyze recordings.

The local law enforcement agency of any county that uses the services of the State Bureau of Investigation or the North Carolina State Crime Laboratory to analyze a recording covered by G.S. 132-1.4A shall, at no cost, provide access to a method to view and analyze the recording upon request of the State Bureau of Investigation or the North Carolina State Crime Laboratory.”

SECTION 2.(b) Article 21 of Chapter 160 of the General Statutes is amended by adding a new section to read:

“§ 160A-490.1. SBI and State Crime Laboratory access to view and analyze recordings.

The local law enforcement agency of any city that uses the services of the State Bureau of Investigation or the North Carolina State Crime Laboratory to analyze a recording covered by G.S. 132-1.4A shall, at no cost, provide access to a method to view and analyze the recording upon request of the State Bureau of Investigation or the North Carolina State Crime Laboratory.”

SECTION 2.(c) Article 9 of Chapter 114 of the General Statutes is amended by adding a new section to read:

“§ 114-64. SBI and State Crime Laboratory access to view and analyze recordings.

Any State or local law enforcement agency that uses the services of the State Bureau of Investigation or the North Carolina State Crime Laboratory to analyze a recording covered by G.S. 132-1.4A shall, at no cost, provide access to a method to view and analyze the recording upon request of the State Bureau of Investigation or the North Carolina State Crime Laboratory.”

SECTION 2.(d) Chapter 15A of the General Statutes is amended by adding a new Article to read:

“Article 8A.

SBI and State Crime Laboratory Access to View and Analyze Recordings.

§ 15A-220. SBI and State Crime Laboratory access to view and analyze recordings.

Any State or local law enforcement agency that uses the services of the State Bureau of Investigation or the North Carolina State Crime Laboratory to analyze a recording covered by G.S. 132-1.4A shall, at no cost, provide access to a method to view and analyze the recording.
upon request of the State Bureau of Investigation or the North Carolina State Crime Laboratory."

SECTION 3. G.S. 143-318.11(a) reads as rewritten:

"(a) Permitted Purposes. – It is the policy of this State that closed sessions shall be held only when required to permit a public body to act in the public interest as permitted in this section. A public body may hold a closed session and exclude the public only when a closed session is required:

…

(10) To view a recording released pursuant to G.S. 132-1.4A."

SECTION 4. Article 5C of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-113.27. Needle and hypodermic syringe exchange programs authorized; limited immunity.

(a) Any governmental or nongovernmental organization, including a local or district health department or an organization that promotes scientifically proven ways of mitigating health risks associated with drug use and other high-risk behaviors, may establish and operate a needle and hypodermic syringe exchange program. The objectives of the program shall be to do all of the following:

(1) Reduce the spread of HIV, AIDS, viral hepatitis, and other bloodborne diseases in this State.
(2) Reduce needle stick injuries to law enforcement officers and other emergency personnel.
(3) Encourage individuals who inject drugs to enroll in evidence-based treatment.

(b) Programs established pursuant to this section shall offer all of the following:

(1) Disposal of used needles and hypodermic syringes.
(2) Needles, hypodermic syringes, and other injection supplies at no cost and in quantities sufficient to ensure that needles, hypodermic syringes, and other injection supplies are not shared or reused. No public funds may be used to purchase needles, hypodermic syringes, or other injection supplies.
(3) Reasonable and adequate security of program sites, equipment, and personnel. Written plans for security shall be provided to the police and sheriff's offices with jurisdiction in the program location and shall be updated annually.
(4) Educational materials on all of the following:
   a. Overdose prevention.
   b. The prevention of HIV, AIDS, and viral hepatitis transmission.
   c. Drug abuse prevention.
   d. Treatment for mental illness, including treatment referrals.
   e. Treatment for substance abuse, including referrals for medication assisted treatment.
(5) Access to naloxone kits that contain naloxone hydrochloride that is approved by the federal Food and Drug Administration for the treatment of a drug overdose, or referrals to programs that provide access to naloxone hydrochloride that is approved by the federal Food and Drug Administration for the treatment of a drug overdose.
(6) For each individual requesting services, personal consultations from a program employee or volunteer concerning mental health or addiction treatment as appropriate.

(c) Notwithstanding any provision of the Controlled Substances Act in Article 5 of Chapter 90 of the General Statutes or any other law, no employee, volunteer, or participant of a program established pursuant to this section shall be charged with or prosecuted for possession of any of the following:
(1) Needles, hypodermic syringes, or other injection supplies obtained from or returned to a program established pursuant to this section.

(2) Residual amounts of a controlled substance contained in a used needle, used hypodermic syringe, or used injection supplies obtained from or returned to a program established pursuant to this section.

The limited immunity provided in this subsection shall apply only if the person claiming immunity provides written verification that a needle, syringe, or other injection supplies were obtained from a needle and hypodermic syringe exchange program established pursuant to this section. In addition to any other applicable immunity or limitation on civil liability, a law enforcement officer who, acting on good faith, arrest the person who is thereafter determined to be entitled to immunity from prosecution under this section shall not be subject to civil liability for the arrest or filing of charges.

(d) Prior to commencing operations of a program established pursuant to this section, the governmental or nongovernmental organization shall report to the North Carolina Department of Health and Human Services, Division of Public Health, all of the following information:

(1) The legal name of the organization or agency operating the program.
(2) The areas and populations to be served by the program.
(3) The methods by which the program will meet the requirements of subsection (b) of this section.

(e) Not later than one year after commencing operations of a program established pursuant to this section, and every 12 months thereafter, each organization operating such a program shall report the following information to the North Carolina Department of Health and Human Services, Division of Public Health:

(1) The number of individuals served by the program.
(2) The number of needles, hypodermic syringes, and needle injection supplies dispensed by the program and returned to the program.
(3) The number of naloxone kits distributed by the program.
(4) The number and type of treatment referrals provided to individuals served by the program, including a separate report of the number of individuals referred to programs that provide access to naloxone hydrochloride that is approved by the federal Food and Drug Administration for the treatment of a drug overdose.

SECTION 5. Sections 1, 2, and 3 of this act become effective October 1, 2016, and apply to all requests made on or after that date for the disclosure or release of a recording. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-89

AN ACT TO TRANSFER THE FORMER DAVIE COUNTY CORRECTIONAL CENTER PROPERTY TO THE DAVIE COUNTY BOARD OF COMMISSIONERS.

The General Assembly of North Carolina enacts:

SECTION 1. The State of North Carolina shall convey to the Davie County Board of Commissioners, for consideration of one dollar ($1.00), all its rights, titles, and interests in that portion of the former Davie County Correctional Center property that resides in Parcel J-4-24, Davie County Tax Maps, as seen in the Office of the Tax Administrator's office in Davie County, North Carolina, that lies west of the western right-of-way of Westside Drive in Mocksville, North Carolina. This property consists of approximately 22 acres. The conveyance is subject to a reversionary interest reserved by the State. The property shall be conveyed to the
Davie County Board of Commissioners for so long as it is utilized for county government purposes.

SECTION 2. The State of North Carolina shall convey the real property described in Section 1 of this act "as is" and "where is" without warranty. The State makes no representations or warranties concerning the title to the property, the boundaries of the property, the uses to which the property may be put, zoning, local ordinances, or any physical, environmental, health, and safety conditions relating to the property. All costs associated with the conveyance of the property shall be borne by Davie County.

SECTION 3. The conveyance of the State's rights, titles, and interests in the real property described in Section 1 of this act shall be exempt from the provisions of Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146 of the General Statutes, provided that the provisions of G.S. 146-74 shall not apply.

SECTION 4. Sections 3, 4, and 5 of S.L. 2016-12 are repealed.

SECTION 5. This act becomes effective October 1, 2016.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

The said Department of Transportation is vested with the following powers:

(2) **Related to right-of-way:**
   a. To take over and assume exclusive control for the benefit of the State of any existing county or township roads, and to roads.
   b. To locate and acquire rights-of-way for any new roads that may be necessary for a State highway system, and subject system.
   c. Subject to the provisions of G.S. 136-19.5(a) and (b), also (b), to use existing rights-of-way, or locate and acquire such additional rights-of-way, as may be necessary for the present or future relocation or initial location, above or below ground, of telephone, of:
      1. Telephone, telegraph, distributed antenna systems (DAS), broadband communications, electric and other lines, as well as gas, water, sewerage, oil and other pipelines, to be operated by public utilities as defined in G.S. 62-3(23) and which are regulated under Chapter 62 of the General Statutes, or by municipalities, counties, any entity created by one or more political subdivisions for the purpose of supplying any such utility services, electric membership corporations, telephone membership corporations, or any combination thereof, with thereof; and
      2. Nonutility owned or operated communications or data transmission infrastructure.

   The Department retains full power to widen, relocate, change or alter the grade or location thereof, or alter the location or configuration of such lines or systems above or below ground, and to ground. No agreement for use of Department right-of-way under this sub-subdivision shall abrogate the Department's ownership and control of the right-of-way. The Department is authorized to adopt policies and rules necessary to implement the provisions of this sub-subdivision.
   d. To change or relocate any existing roads that the Department of Transportation may now own or may acquire, to acquire.
   e. To acquire by gift, purchase, or otherwise, any road or highway, or tract of land or other property whatsoever that may be necessary for a State transportation system and adjacent utility rights-of-way.
   f. Provided, all changes or alterations authorized by this subdivision shall be subject to the provisions of G.S. 136-54 to 136-63, to the extent that said sections are applicable.
   g. Provided, that nothing in this Chapter shall be construed to authorize or permit the Department of Transportation to allow or pay anything to any county, township, city or town, or to any board of commissioners or governing body thereof, for any existing road or part of any road heretofore constructed by any such county, township, city or town, unless a contract has already been entered into with the Department of Transportation."

**SECTION 2.(b)** The Department of Transportation shall study the issue of administrative fees for encroachments pursuant to G.S. 136-18(2)c. The Department shall report its findings and recommendations to the Joint Legislative Transportation Oversight Committee on or before December 1, 2016.
SECTION 2.(c) This section is effective when it becomes law.

WEIGHT LIMITS APPLICABLE TO METAL COMMODITIES, CONSTRUCTION EQUIPMENT, AND STEEL COILS AND EXTENDING CERTAIN FEDERAL WEIGHT EXCEPTIONS TO THE STATE’S HIGHWAYS

SECTION 2.1.(a) G.S. 20-118(c) is amended by adding the following new subdivisions to read:

"(18) Subsections (b) and (e) of this section do not apply to a vehicle or vehicle combination that meets all of the conditions set out below:

a. Is transporting metal commodities or construction equipment.

b. Does not operate on an interstate highway, a posted light traffic road, or exceed any posted bridge weight limit.

c. Does not exceed a single-axle weight of 22,000 pounds, a tandem-axle weight of 42,000 pounds, or a gross weight of 90,000 pounds.

(19) Any additional weight allowance authorized by 23 U.S.C. § 127, and applicable to all interstate highways, shall also apply to all State roads, unless the road is a posted road or posted bridge, or unless specifically prohibited by State law or a Department ordinance applicable to a specific road."

SECTION 2.1.(b) G.S. 20-119 is amended by adding a new subsection to read:

"(i) One, two, or three steel coils, transported on the same vehicle, shall be considered a nondivisible load for purposes of permit issuance pursuant to this section."

SECTION 2.1.(c) This section becomes effective October 1, 2016.

DELAY SUNSET FOR SIX MONTHS ON DOT PARTNERSHIPS WITH PRIVATE DEVELOPERS

SECTION 2.3. Section 2 of S.L. 2009-235, as amended by Section 7 of S.L. 2014-58, reads as rewritten:

"SECTION 2. This act is effective when it becomes law. This act shall expire on December 31, 2016."

PART II. NORTH CAROLINA TURNPIKE AUTHORITY

ALLOW ELECTRONIC BILLING FOR TOLLS

SECTION 3. G.S. 136-89.214(a) reads as rewritten:

"(a) Bill. – If a motor vehicle travels on a Turnpike project that uses an open road tolling system and a toll for traveling on the project is not paid prior to travel or at the time of travel, the Authority must send a bill by first-class mail to the registered owner of the motor vehicle or the person who had care, custody, and control of the vehicle as established under G.S. 136-89.212(b) for the amount of the unpaid toll; provided, however, that with the written consent of the registered owner of the motor vehicle or the person who had care, custody, and control of the vehicle as set forth above, the Authority may send the bill via electronic mail to a designated electronic mail account rather than by first-class mail. The Authority must send the bill within 90 days after the travel occurs, or within 90 days of receipt of a sworn affidavit submitted under G.S. 136-89.212(b) identifying the person who had care, custody, and control of the motor vehicle. If a bill is not sent within the required time, the Authority waives collection of the toll. The Authority must establish a billing period for unpaid open road tolls that is no shorter than 15 days. A bill for a billing period must include all unpaid tolls incurred by the same person during the billing period."
TURNPIKE AUTHORITY REPORT ON ONE-TIME FACILITY USER FEES AND PENALTIES

SECTION 3.1. The North Carolina Turnpike Authority shall report to the Joint Legislative Transportation Oversight Committee on January 31, 2017, and in its annual report thereafter, the number of one-time toll facility users who are charged more than fifty dollars ($50.00) in processing fees imposed under G.S. 136-89.215 and civil penalties assessed under G.S. 136-89.216. With the first report on such users, the Turnpike Authority shall propose statutory changes to Part 2 of Article 6H of Chapter 136 of the General Statutes that are expected to have the aggregate effect of improving efficiency or reducing costs in collecting tolls while significantly reducing the possibility one-time users are charged more than fifty dollars ($50.00) in processing fees imposed under G.S. 136-89.215 and civil penalties assessed under G.S. 136-89.216.

REPEAL NCTA SEMIANNUAL REPORTS TO JLTOC

SECTION 4. G.S. 136-89.193(c) is repealed.

PART III. DIVISION OF BICYCLE AND PEDESTRIAN TRANSPORTATION

REPEAL REQUIREMENT TO MAINTAIN OFF-ROAD CYCLING RECORDS

SECTION 5. G.S. 143B-135.100 reads as rewritten:

"§ 143B-135.100. Use of State land for bicycling; creation of trails by volunteers.

... (b) Notwithstanding the provisions of subsection (a) of this section, any land may be restricted or removed from use by bicyclists if it is determined by the State, an agency of the State, or the holder of land purchased or leased with State funds that the use would cause substantial harm to the land or the environment or that the use would violate another State or federal law. Before restricting or removing land from use by bicyclists, the State, the agency of the State, or the holder of the land purchased or leased with State funds must show why the lands should not be open for use by bicyclists. Local cycling groups or organizations shall be notified of the intent to restrict or remove the land from use by bicyclists and provided an opportunity to show why cycling should be allowed on the land. Notice of any land restricted or removed from use by bicyclists pursuant to this subsection shall be filed with the Division of Bicycle and Pedestrian Transportation of the Department of Transportation.

(2) The Division of Bicycle and Pedestrian Transportation of the Department of Transportation shall keep a record of all lands made open and available for use by bicyclists pursuant to this section and shall make the information available to the public upon request.

... (e) Notwithstanding any other provision of this section, any hiking, walking, or use of bicycles on game lands administered by the Wildlife Resources Commission shall be restricted to roads and trails designated for vehicular use. Hiking, walking, or bicycle use by persons not hunting shall be restricted to days closed to hunting. The Wildlife Resources Commission may restrict the use of bicycles on game lands where necessary to protect sensitive wildlife habitat or species and shall file notice of any restrictions with the Division of Bicycle and Pedestrian Transportation of the Department of Transportation."

BICYCLE MUST HAVE RED REAR LIGHT OR OPERATOR MUST WEAR REFLECTIVE VEST WHEN OPERATED AT NIGHT

SECTION 5.1.(a) G.S. 20-129(e) reads as rewritten:

"(e) Lamps on Bicycles. – Every bicycle shall be equipped with a reflex mirror on the rear and both of the following when operated at night on any public street, public vehicular area, or public greenway:

(1) A lighted lamp on the front thereof, visible under normal atmospheric conditions from a distance of at least 300 feet in front of such bicycle, and shall also be equipped with a reflex mirror on bicycle.

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SECTION 5.1. This section becomes effective December 1, 2016, and applies to offenses committed on or after that date.

BICYCLE SAFETY LAW REVISIONS

SECTION 5.5. (a) G.S. 20-150(e) reads as rewritten:

"(e) The driver of a vehicle shall not overtake and pass another on any portion of the highway which is marked by signs, markers or markings placed by the Department of Transportation stating or clearly indicating that passing should not be attempted. The prohibition in this section shall not apply when the overtaking and passing is done in accordance with all of the following:

(1) The slower moving vehicle to be passed is a bicycle or a moped.
(2) The slower moving vehicle is proceeding in the same direction as the faster moving vehicle.
(3) The driver of the faster moving vehicle either (i) provides a minimum of four feet between the faster moving vehicle and the slower moving vehicle or (ii) completely enters the left lane of the highway.
(4) The operator of the slower moving vehicle is not (i) making a left turn or (ii) signaling in accordance with G.S. 20-154 that he or she intends to make a left turn.
(5) The driver of the faster moving vehicle complies with all other applicable requirements set forth in this section."

SECTION 5.5. (b) G.S. 20-149(a) reads as rewritten:

"(a) The driver of any such vehicle overtaking another vehicle proceeding in the same direction shall pass at least two feet to the left thereof, and shall not again drive to the right side of the highway until safely clear of such overtaken vehicle. This subsection shall not apply when the overtaking and passing is done pursuant to the provisions of G.S. 20-150.1, G.S. 20-150(e) or G.S. 20-150.1."

SECTION 5.5. (c) G.S. 20-154 reads as rewritten:

"§ 20-154. Signals on starting, stopping or turning.

(a1) A person who violates subsection (a) of this section and causes a motorcycle or bicycle operator to change travel lanes or leave that portion of any public street or highway designated as travel lanes shall be responsible for an infraction and shall be assessed a fine of not less than two hundred dollars ($200.00). A person who violates subsection (a) of this section that results in a crash causing property damage or personal injury to a motorcycle or bicycle operator or passenger shall be responsible for an infraction and shall be assessed a fine of not less than five hundred dollars ($500.00) unless subsection (a2) of this section applies.

(a2) A person who violates subsection (a) of this section and the violation results in a crash causing property damage in excess of five thousand dollars ($5,000) or a serious bodily injury as defined in G.S. 20-160.1(b) to a motorcycle or bicycle operator or passenger shall be responsible for an infraction and shall be assessed a fine of not less than seven hundred fifty dollars ($750.00). A violation of this subsection shall be treated as a failure to yield right-of-way to a motorcycle or bicycle, as applicable, for purposes of assessment of points under G.S. 20-16(c). In addition, the trial judge shall have the authority to order the license of any driver violating this subsection suspended for a period not to exceed 30 days. If a judge orders suspension of a person's driver's license pursuant to this subsection, the judge may allow the licensee a limited driving privilege for a period not to exceed the period of suspension. The limited driving privilege shall be issued in the same manner and under the terms and conditions prescribed in G.S. 20-16.1(b)(1), (2), (3), (4), (5), and G.S. 20-16.1(g)."
(b) The signal herein required shall be given by means of the hand and arm in the manner herein specified, or by any mechanical or electrical signal device approved by the Division, except that when a vehicle is so constructed or loaded as to prevent the hand and arm signal from being visible, both to the front and rear, the signal shall be given by a device of a type which has been approved by the Division.

Whenever Except as otherwise provided in subsection (b1) of this section, whenever the signal is given the driver shall indicate his intention to start, stop, or turn by extending the hand and arm from and beyond the left side of the vehicle as hereinafter set forth.

Left turn – hand and arm horizontal, forefinger pointing.
Right turn – hand and upper arm horizontal, forearm and hand pointed upward.
Stop – hand and arm upper arm horizontal, forearm and hand pointed downward.

All hand and arm signals shall be given from the left side of the vehicle and all signals shall be maintained or given continuously for the last 100 feet traveled prior to stopping or making a turn. Provided, that in all areas where the speed limit is 45 miles per hour or higher and the operator intends to turn from a direct line of travel, a signal of intention to turn from a direct line of travel shall be given continuously during the last 200 feet traveled before turning.

Any motor vehicle in use on a highway shall be equipped with, and required signal shall be given by, a signal lamp or lamps or mechanical signal device when the distance from the center of the top of the steering post to the left outside limit of the body, cab or load of such motor vehicle exceeds 24 inches, or when the distance from the center of the top of the steering post to the rear limit of the body or load thereof exceeds 14 feet. The latter measurement shall apply to any single vehicle, also to any combination of vehicles except combinations operated by farmers in hauling farm products.

(b1) Notwithstanding the requirement set forth in subsection (b) of this section that a driver signal a right turn by extending his or her hand and arm from beyond the left side of the vehicle, an operator of a bicycle may signal his or her intention to make a right turn by extending his or her hand and arm horizontally, with the forefinger pointing, from beyond the right side of the bicycle.

SECTION 5.5.(d) This section becomes effective October 1, 2016, and applies to offenses committed on or after that date.

PART IV. DIVISION OF MOTOR VEHICLES

COMMERCIAL DRIVERS LICENSE CHANGES

SECTION 6.(a) G.S. 20-7(m) reads as rewritten:

"(m) Instruction Permit. – The Division upon receiving proper application may in its discretion issue a restricted instruction permit effective for a school year or a lesser period to any of the following applicants:

(1) An applicant who is less than 18 years old and is enrolled in a drivers education program that is approved by the State Superintendent of Public Instruction and is offered at a public high school, a nonpublic secondary school, or a licensed drivers training school.

(2) An applicant for certification under G.S. 20-218 as a school bus driver. A restricted instruction permit authorizes the holder of the permit to drive a specified type or class of motor vehicle when in possession of the permit, subject to any restrictions imposed by the Division. The restrictions the Division may impose on a permit include restrictions to designated areas and highways and restrictions prohibiting operation except when an approved instructor is occupying a seat beside the permittee. A restricted instruction permit is not required to have a distinguishing number or a picture of the person to whom the permit is issued."

SECTION 6.(b) G.S. 20-37.13(e) reads as rewritten:
"(e) A commercial driver learner's permit may be issued to an individual who holds a regular Class C driver's license and has passed the knowledge test for the class and type of commercial motor vehicle the individual will be driving. The permit is valid for a period not to exceed six months and may be renewed or rescinded only once within a two-year period. The fee for a commercial driver learner's permit is the same as the fee set by G.S. 20-7 for a regular learner's permit. G.S. 20-7(m) governs the issuance of a restricted instruction permit for a prospective school bus driver."

SECTION 6.(c) G.S. 20-17.4(g) reads as rewritten:

"(g) Violation of Out-of-Service Order. – Any person holding a commercial learner's permit or commercial driver's license or required to have a commercial learner's permit or commercial driver's license convicted for violating an out-of-service order, except as described in subsection (h) of this section, shall be disqualified as follows:

(1) A person is disqualified from driving a commercial vehicle for a period of 90 days no less than 180 days and no more than one year if convicted of a first violation of an out-of-service order while operating a commercial motor vehicle.

(2) A person is disqualified for a period of one year no less than two years and no more than five years if convicted of a second violation of an out-of-service order while operating a commercial motor vehicle during any 10-year period, arising from separate incidents.

(3) A person is disqualified for a period of three years no less than three years and no more than five years if convicted of a third or subsequent violation of an out-of-service order while operating a commercial motor vehicle during any 10-year period, arising from separate incidents."

SECTION 6.(d) G.S. 20-17.4(h) reads as rewritten:

"(h) Violation of Out-of-Service Order; Special Rule for Hazardous Materials and Passenger Offenses. – Any person holding a commercial learner's permit or commercial driver's license or required to have a commercial learner's permit or commercial driver's license convicted for violating an out-of-service order while transporting hazardous materials, as defined in 49 C.F.R. § 383.5, or while operating a commercial vehicle designed or used to transport more than 15 passengers, 16 or more passengers including the driver, shall be disqualified as follows:

(1) A person is disqualified for a period of 180 days no less than 180 days and no more than two years if convicted of a first violation of an out-of-service order while operating a commercial motor vehicle.

(2) A person is disqualified for a period of three years no less than three years and no more than five years if convicted of a second or subsequent violation of an out-of-service order while operating a commercial motor vehicle during any 10-year period, arising from separate incidents.

(3) A person is disqualified for a period of no less than three years and no more than five years if convicted of a third or subsequent violation of an out-of-service order while operating a commercial motor vehicle during any 10-year period arising from separate incidents."

SECTION 6.(e) Article 2C of Chapter 20 of the General Statutes is amended by adding the following new section to read:

§ 20-37.13A. Medical qualifications standards; waiver for intrastate drivers.

(a) Medical Qualifications Standards Applicable to Commercial Drivers. – All commercial drivers license holders and applicants for commercial drivers licenses must meet the medical qualifications standards set forth in 49 C.F.R. § 391.41.

(b) Intrastate Medical Waiver. – Any person unable to meet the standards in 49 C.F.R. § 391.41, as adopted by the Division, may apply for a medical waiver that, if approved, will authorize intrastate operation of a commercial motor vehicle. Applications for the medical
waiver must be submitted to the Division in writing. Waivers may be granted for no more than two years.

(c) Intrastate Operation Subject to Waiver. – Any person granted an intrastate commercial drivers license medical waiver is permitted to maintain a commercial drivers license and operate a commercial motor vehicle in intrastate commerce subject to the following conditions:

(1) The commercial drivers license must display a restriction to signify it is only valid for intrastate operation.
(2) The holder of the license must submit to medical recertification at intervals set by the Division.
(3) The holder of the license must timely submit all documentation required by the Division.
(4) Failure to meet any condition within the time period allowed will result in an automatic downgrade of the license holder's commercial drivers license to a Class C regular drivers license."

SECTION 6.(f) This section becomes effective January 1, 2017, and applies to offenses committed on or after that date.

EXTEND REGISTRATION PERIOD FOR CERTAIN PLATES
SECTION 7.(a) G.S. 20-66 is amended by adding a new subsection to read:

"(g1) Expiration of Registration by Other Means. – The registration of a vehicle renewed by means of a new registration plate expires at midnight on February 15 of each year."

SECTION 7.(b) This section becomes effective October 1, 2016, and applies to registration renewals on or after that date.

TEMPORARY DRIVING CERTIFICATE/USE AND UNIFORMITY
SECTION 8.(a) G.S. 20-7(f)(5) reads as rewritten:

"(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

(5) License to be sent by mail. – The Division shall issue to the applicant a temporary driving certificate valid for 20 days, and 60 days for a commercial drivers license, 60 days, unless the applicant is applying for renewal by mail under subdivision (4) of this subsection. The temporary driving certificate shall be valid for driving purposes only and shall not be valid for identification purposes, except when conducting business with the Division and not otherwise prohibited by federal law. The Division shall produce the applicant's drivers license at a central location and send it to the applicant by first-class mail at the residence address provided by the applicant, unless the applicant is ineligible for mail delivery by the United States Postal Service at the applicant's residence. If the United States Postal Service documents that it does not deliver to the residential address provided by the applicant, and the Division has verified the applicant's residential address by other means, the Division may mail the drivers license to the post office box provided by the applicant. Applicants whose only mailing address prior to July 1, 2008, was a post office box in this State may continue to receive their license at that post office box, provided the applicant's residential address has been verified by the Division."

SECTION 8.(b) This section becomes effective January 1, 2017. The extended period of validity applies to temporary driving certificates issued on or after that date.

DMV DRIVERS LICENSE TESTING REQUIREMENTS/REMOTE RENEWAL
SECTION 9.(a) G.S. 20-7(c) reads as rewritten:
"(c) Tests. – To demonstrate physical and mental ability, a person must pass an examination. The examination may include road tests, vision tests, oral tests, and, in the case of literate applicants, written tests, as the Division may require. The tests must ensure that an applicant recognizes the handicapped international symbol of access, as defined in G.S. 20-37.5. The Division may not require a person who applies to renew a license that has not expired to take a written test or a road test unless one or more of the following applies:
   (1) The person has been convicted of a traffic violation since the person's license was last issued.
   (2) The applicant suffers from a mental or physical condition that impairs the person's ability to drive a motor vehicle.

The Division shall require sign and symbol testing upon initial issuance of a license. The Division shall require vision testing as a part of required in-person, in-office renewals of a license.

The Division may not require a person who is at least 60 years old to parallel park a motor vehicle as part of a road test. A person shall not use an autocycle to complete a road test under this subsection."

SECTION 9.(b) This section becomes effective October 1, 2016.

DMV/ELECTRONIC NOTICE

SECTION 10.(a) G.S. 20-7.1 reads as rewritten:

"§ 20-7.1. Notice of change of address or name.
   (a) Address. – A person whose address changes from the address stated on a drivers license must notify the Division of the change within 60 days after the change occurs. If the person's address changed because the person moved, the person must obtain a duplicate license within that time limit stating the new address. A person who does not move but whose address changes due to governmental action may not be charged with violating this subsection. A person who has provided an e-mail or electronic address to the Division pursuant to G.S. 20-48(a) shall notify the Division of any change or discontinuance of that e-mail or electronic address within 30 days after the change or discontinuance.
   (b) Name. – A person whose name changes from the name stated on a drivers license must notify the Division of the change within 60 days after the change occurs and obtain a duplicate drivers license stating the new name.
   (c) Fee. – G.S. 20-14 sets the fee for a duplicate license."

SECTION 10.(b) G.S. 20-43.1 reads as rewritten:

"§ 20-43.1. Disclosure of personal information in motor vehicle records.
   (a) The Division shall disclose personal information contained in motor vehicle records in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq.
   (b) As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(11).
   (c) The Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(12) unless the Division receives prior written permission from the person about whom the information is requested.
   (d) As authorized in 18 U.S.C. § 2721, the Division may disclose personal information to federally designated organ procurement organizations and eye banks operating in this State for the purpose of identifying individuals who have indicated an intent to be an organ donor. Personal information authorized under this subsection is limited to the individual's first, middle, and last name, date of birth, address, sex, county of residence, and drivers license number. Employees of the Division who provide access to or disclosure of information in good-faith compliance with this subsection are not liable in damages for access to or disclosure of the information.
   (e) As authorized in 18 U.S.C. § 2721, the Division may also provide copies of partial crash report data collected pursuant to G.S. 20-166.1, partial driver license data kept pursuant
to G.S. 20-26(a), and partial vehicle registration application data collected pursuant to G.S. 20-52 in bulk form to persons, private companies, or other entities, for uses other than official, upon payment of a fee of three cents (3¢) per individual record. The Division shall not furnish such data except upon execution by the recipient of a written agreement to comply with the Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq. The information released to persons, private companies, or other entities, for uses other than official, pursuant to this subsection, shall not be a public record pursuant to Chapter 132 of the General Statutes.

(f) E-mail addresses or other electronic addresses provided to the Division are personal information for purposes of this section and shall only be disclosed in accordance with this section.

SECTION 10.(c) G.S. 20-48 reads as rewritten:


(a) Whenever the Division is authorized or required to give any notice under this Chapter or other law regulating the operation of vehicles, unless a different method of giving such notice is otherwise expressly prescribed, such notice shall be given either by personal delivery thereof to the person to be so notified or by deposit in the United States mail of such notice in an envelope with postage prepaid, addressed to such person at his address as shown by the records of the Division. The giving of notice by mail is complete upon the expiration of four days after such deposit of such notice. In lieu of providing notice by personal delivery or United States mail, the Division may give notice under this Chapter by e-mail or other electronic means if the person to be notified has consented to receiving notices via electronic means and has provided the Division an e-mail address or other like electronic address for receiving the notices. Proof of the giving of notice in either any such manner pursuant to this section may be made by a notation in the records of the Division that the notice was sent to a particular address, physical or electronic, and the purpose of the notice. A certified copy of the Division's records may be sent by the Police Information Network, facsimile, or other electronic means. A copy of the Division's records sent under the authority of this section is admissible as evidence in any court or administrative agency and is sufficient evidence to discharge the burden of the person presenting the record that notice was sent to the person named in the record, at the physical or electronic address indicated in the record, and for the purpose indicated in the record. There is no requirement that the actual notice or letter be produced.

(a1) A person may consent to receive any notice under this Chapter by electronic delivery by completing a written or electronic authorization for this method of delivery. The authorization must advise the person that all of the following apply to consent to electronic delivery of a notice:

(1) Consent is effective until it is revoked in accordance with the procedure set by the Division.

(2) At the option of the Division, electronic delivery may be the only method of delivery.

(3) A notice sent by electronic delivery to an e-mail or electronic address is considered to have been received even if the person to whom it is sent does not receive it.

(a2) A person who consents to electronic notification pursuant to this section shall notify the Division of any change or discontinuance of any e-mail or electronic address provided to the Division in accordance with the provisions of this section and G.S. 20-7.1(a). Upon the failure of a person to notify the Division of any change or discontinuance of an electronic notification pursuant to this section, any notices sent to the original or discontinued electronic address shall be deemed to have been received by the person and a copy of the Division's records sent under the authority of this section is sufficient evidence that notice was sent to the person named in the record, at the physical or electronic address indicated in the record, and for the purpose indicated in the record.
(b) Notwithstanding any other provision of this Chapter at any time notice is now required by registered mail with return receipt requested, certified mail with return receipt requested may be used in lieu thereof and shall constitute valid notice to the same extent and degree as notice by registered mail with return receipt requested.

(c) The Commissioner shall appoint such agents of the Division as may be needed to serve revocation notices required by this Chapter. The fee for service of a revocation notice by personal delivery shall be fifty dollars ($50.00).

SECTION 10.(d) This section becomes effective October 1, 2016.

DMV TO PROVIDE OPTION FOR JOINT TENANCY WITH RIGHT OF SURVIVORSHIP ON APPLICATION FOR REGISTRATION AND CERTIFICATE OF TITLE

SECTION 10.5.(a) G.S. 20-52(a) reads as rewritten:

"(a) An owner of a vehicle subject to registration must apply to the Division for a certificate of title, a registration plate, and a registration card for the vehicle. To apply, an owner must complete an application provided by the Division. The application shall contain a preprinted option that co-owners may use to title the vehicle as a joint tenancy with right of survivorship. The co-owners' designation of a joint tenancy with right of survivorship on the application shall be valid notwithstanding whether this designation appears on the assignment of title. The application must request all of the following information and may request other information the Division considers necessary:

(1) The owner's name.
(1a) If the owner is an individual, the following information:
   a. The owner's mailing address and residence address.
   b. One of the following at the option of the applicant:
      1. The owner's North Carolina drivers license number or North Carolina special identification card number.
      2. The owner's home state drivers license number or home state special identification card number and valid active duty military identification card number or military dependent identification card number if the owner is a person or the spouse or dependent child of a person on active duty in the Armed Forces of the United States who is stationed in this State or deployed outside this State from a home base in this State. The owner's inability to provide a photocopy or reproduction of a military or military dependent identification card pursuant to any prohibition of the United States government or any agency thereof against the making of such photocopy or reproduction shall not operate to prevent the owner from making an application for registration and certificate of title pursuant to this subdivision.
      3. The owner's home state drivers license number or home state special identification card number and proof of enrollment in a school in this State if the owner is a permanent resident of another state but is currently enrolled in a school in this State.
      4. The owner's home state drivers license number or home state special identification card number if the owner provides a signed affidavit certifying that the owner intends to principally garage the vehicle in this State and provides the address where the vehicle is or will be principally garaged. For purposes of this section, "principally garage" means the vehicle is garaged for six or more months of the year on
property in this State which is owned, leased, or otherwise lawfully occupied by the owner of the vehicle.

5. The owner's home state drivers license number or home state special identification card number, provided that the application is made pursuant to a court authorized sale or a sale authorized by G.S. 44A-4 for the purpose of issuing a title to be registered in another state or country.

6. The co-owner's home state drivers license number or home state special identification card number if at least one co-owner provides a North Carolina drivers license number or North Carolina special identification number.

7. The owner's home state drivers license number or special identification card number if the application is for a motor home or house car, as defined in G.S. 20-4.01(27)d2., or for a house trailer, as defined in G.S. 20-4.01(14).

(b) If the owner is a firm, partnership, a corporation, or another entity, the address of the entity.

(2) A description of the vehicle, including the following:
   a. The make, model, type of body, and vehicle identification number of the vehicle.
   b. Whether the vehicle is new or used and, if a new vehicle, the date the manufacturer or dealer sold the vehicle to the owner and the date the manufacturer or dealer delivered the vehicle to the owner.

(3) A statement of the owner's title and of all liens upon the vehicle, including the names and addresses of all lienholders in the order of their priority, and the date and nature of each lien.

(4) A statement that the owner is an eligible risk for insurance coverage as defined in G.S. 58-37-1(4a).

(5) For registration and certificate of title for a nonfleet private passenger motor vehicle, a statement that providing incorrect or false and misleading information as to the owner's status as an eligible risk can result in criminal prosecution and the denial of insurance coverage for any loss of the owner under any insurance policies for which application is made if the owner provides false and misleading information as to eligible risk status.

(6) For registration and certificate of title for a nonfleet private passenger motor vehicle, a statement that the owner will inform the insurer before the next policy renewal if the owner ceases to be an eligible risk.

SECTION 10.5.(b) This section becomes effective January 1, 2017.

DMV/INSPECTION OF PRE-1981 MOTOR VEHICLES/TITLING

SECTION 11.(a) G.S. 20-53(e) reads as rewritten:

"(e) No title shall be issued to an initial applicant for (i) out-of-state vehicles that are 1980 model years old or older or (ii) a specially constructed vehicle prior to the completion of a vehicle verification conducted by the License and Theft Bureau of the Division of Motor Vehicles. These verifications shall be conducted as soon as practical. For an out-of-state vehicle that is 1980 model years old or older, this inspection shall consist of verifying the public vehicle identification number to ensure that it matches the vehicle and ownership documents. No covert vehicle identification numbers are to be examined on an out-of-state vehicle 1980 model years old or older unless the inspector develops probable cause to believe that the ownership documents or public vehicle identification number presented does not match the vehicle being examined. However, upon such application and the submission of any required documentation, the Division shall be authorized to register the vehicle pending the completion of the verification of the vehicle. The registration shall be valid
for one year but shall not be renewed unless and until the vehicle examination has been completed. If an inspection and verification is not conducted by the License and Theft Bureau of the Division of Motor Vehicles within 15 days after receiving a request for such and the inspector has no probable cause to believe that the ownership documents or public vehicle identification number presented does not match the vehicle being examined, the vehicle shall be deemed to have satisfied all inspection and verification requirements and title shall issue to the owner within 15 days thereafter. If an inspection and verification is timely performed and the vehicle passes the inspection and verification, title shall issue to the owner within 15 days of the date of the inspection.”

SECTION 11.(b) This section becomes effective January 1, 2017.

REPEAL SIGNATURE REQUIREMENT/REGISTRATION CARD

SECTION 12.(a) G.S. 20-57(c) reads as rewritten:

"(c) Every owner upon receipt of a registration card, shall write his signature thereon with pen and ink in the space provided. Every such registration card shall at all times be carried in the vehicle to which it refers or in the vehicle to which transfer is being effected, as provided by G.S. 20-64 at the time of its operation, and such registration card shall be displayed upon demand of any peace officer or any officer of the Division: Provided, however, any person charged with failing to so carry such registration card shall not be convicted if he produces in court a registration card theretofore issued to him and valid at the time of his arrest: Provided further, that in case of a transfer of a license plate from one vehicle to another under the provisions of G.S. 20-72, evidence of application for transfer shall be carried in the vehicle in lieu of the registration card."

SECTION 12.(b) G.S. 20-176(a1)(2) is repealed.

SECTION 12.(c) This section becomes effective December 1, 2016, and applies to registration cards issued on or after that date.

REVISE DEFINITION OF "AUTOCYCLE"

SECTION 12.5.(a) G.S. 20-4.01(27)a. reads as rewritten:

"a. Autocycle. – A three-wheeled motorcycle that has a steering wheel, pedals, seat safety belts for each occupant, antilock brakes, air bag protection, completely or partially enclosed seating that does not require the operator to straddle or sit astride, and is otherwise manufactured to comply with federal safety requirements for motorcycles."

SECTION 12.5.(b) G.S. 20-140.4(a)(2) reads as rewritten:

"(2) Unless the operator and all passengers thereon wear on their heads, with a retention strap properly secured, safety helmets of a type that complies with Federal Motor Vehicle Safety Standard (FMVSS) 218. This subdivision shall not apply to an operator of an autocycle of, or any passengers within, an autocycle that has completely enclosed seating."

SECTION 12.5.(c) G.S. 20-135.3(c) reads as rewritten:

"(c) For purposes of this section, the term "motorcycle" shall not include autocycles. Every autocycle registered in this State shall be equipped with sufficient anchorage units at the attachment points for attaching seat safety belts for the rear seat seats of the autocycle. The anchorage unit shall meet the same construction, design, and strength requirements under this section for anchorage units in motor vehicles."

MOPED INSURANCE CHANGES

SECTION 12.6.(a) G.S. 58-36-3 reads as rewritten:

"§ 58-36-3. Limitation of scope; motorcycle and moped endorsements allowed; Department of Insurance report.

(a) The Bureau has no jurisdiction over:
(8) Liability insurance and insurance against theft or physical damage insurance on mopeds, as defined in G.S. 105-164.3.G.S. 20-4.01(27)d1.

(b) Member companies writing motorcycle or moped liability insurance under this Article and writing insurance against theft or physical damage to motorcycles or mopeds under Article 40 of this Chapter may incorporate motorcycle or moped theft and physical damage coverage as an endorsement to the liability policy issued under this Article. Member companies writing moped liability insurance or theft and physical damage insurance under Article 40 of this Chapter may incorporate either or both types of insurance as an endorsement to liability and physical damage policies issued under this Article.

SECTION 12.6.(b) G.S. 58-37-1 reads as rewritten:

As used in this Article:

(6) "Motor vehicle" means every self-propelled vehicle that is designed for use upon a highway, including trailers and semitrailers designed for use with such vehicles (except traction engines, road rollers, farm tractors, tractor cranes, power shovels, and well drillers). "Motor vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d. "Motor vehicle" does not mean a moped, as defined in G.S. 105-164.3. Notwithstanding any other provisions of this Article, liability insurance on a moped is not eligible for cession to the Facility.G.S. 20-4.01(27)d1.

SECTION 12.6.(c) G.S. 58-37-35 reads as rewritten:

"§ 58-37-35. The Facility; functions; administration.

(b) The Facility shall reinsure for each coverage available in the Facility to the standard percentage of one hundred percent (100%) or lesser equitable percentage established in the Facility's plan of operation as follows:

(1) For the following coverages of motor vehicle insurance and in at least the following amounts of insurance:
   a. Bodily injury liability: thirty thousand dollars ($30,000) each person, sixty thousand dollars ($60,000) each accident;
   b. Property damage liability: twenty-five thousand dollars ($25,000) each accident;
   c. Medical payments: one thousand dollars ($1,000) each person; except that this coverage shall not be available for motorcycles,motorcycles or mopeds;
   d. Uninsured motorist: thirty thousand dollars ($30,000) each person; sixty thousand dollars ($60,000) each accident for bodily injury; twenty-five thousand dollars ($25,000) each accident property damage (one hundred dollars ($100.00) deductible);
   e. Any other motor vehicle insurance or financial responsibility limits in the amounts required by any federal law or federal agency regulation; by any law of this State; or by any rule duly adopted under Chapter 150B of the General Statutes or by the North Carolina Utilities Commission.

(2) Additional ceding privileges for motor vehicle insurance shall be provided by the Board of Governors up to the following:
   a. Bodily injury liability: one hundred thousand dollars ($100,000) each person, three hundred thousand dollars ($300,000) each accident;
b. Property damage liability: fifty thousand dollars ($50,000) each accident;

c. Medical payments: two thousand dollars ($2,000) each person; except that this coverage shall not be available for motorcycles, motorized scooters, or mopeds;

d. Underinsured motorist: one million dollars ($1,000,000) each person and each accident for bodily injury liability; and

e. Uninsured motorist: one million dollars ($1,000,000) each person and each accident for bodily injury and fifty thousand dollars ($50,000) each accident for property damage (one hundred dollars ($100.00) deductible).

(2a) For persons who must maintain liability coverage limits above those available under subdivision (2) of this subsection in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies, additional ceding privileges for motor vehicle insurance shall be provided by the Board of Governors up to the following:

a. Bodily injury liability: two hundred fifty thousand dollars ($250,000) each person, five hundred thousand dollars ($500,000) each accident.

b. Property damage liability: one hundred thousand dollars ($100,000) each accident.

c. Medical payments: five thousand dollars ($5,000) each person; except that this coverage shall not be available for motorcycles, motorized scooters, or mopeds.

d. Uninsured motorist: one hundred thousand dollars ($100,000) each accident for property damage (one hundred dollars ($100.00) deductible).

(3) Whenever the additional ceding privileges are provided as in G.S. 58-37-35(b)(2) for any component of motor vehicle insurance, the same additional ceding privileges shall be available to "all other" types of risks subject to the rating jurisdiction of the North Carolina Rate Bureau.

SECTION 12.6.(d) G.S. 58-40-10 reads as rewritten:

"§ 58-40-10. Other definitions.
As used in this Article and in Articles 36 and 37 of this Chapter:

(1) "Private passenger motor vehicle" means:

... c. A motorcycle, motorized scooter, moped, or other similar motorized vehicle not used for commercial purposes. A moped, as defined in G.S. 105-164.3, is not considered a motorcycle, motorized scooter, or other similar motorized vehicle.

SECTION 12.6.(e) G.S. 58-40-15 reads as rewritten:

The provisions of this Article shall apply to all insurance on risks or on operations in this State, except for all of the following:

(1) Reinsurance, other than joint reinsurance to the extent stated in G.S. 58-40-60.

(2) Any policy of insurance against loss or damage to or legal liability in connection with property located outside this State, or any motor vehicle or aircraft principally garaged and used outside of this State, or any activity wholly carried on outside this State.
(3) Insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies.

(4) Accident, health, or life insurance.

(5) Annuities.

(6) Repealed by Session Laws 1985, c. 666, s. 43.

(7) Mortgage guaranty insurance.

(8) Workers' compensation and employers' liability insurance written in connection therewith.

(9) For private passenger (nonfleet) motor vehicle liability insurance, automobile medical payments insurance, uninsured motorists' coverage and other insurance coverages written in connection with the sale of such liability insurance; except this Article applies to motor vehicle liability insurance, automobile medical payments insurance, uninsured motorists' coverage, and theft or physical damage insurance on mopeds, as defined in G.S. 105-164.3-insurance.

(10) Theft of or physical damage to nonfleet private passenger motor vehicles; except this Article applies to insurance against theft of or physical damage to motorcycles, as defined in G.S. 20-4.01(27)d., moped, as defined in G.S. 20-4.01(27)d1.

(11) Insurance against loss to residential real property with not more than four housing units located in this State or any contents thereof or valuable interest therein and other insurance coverages written in connection with the sale of such property insurance. Provided, however, that this Article shall apply to insurance against loss to farm dwellings, farm buildings and their appurtenant structures, farm personal property and other coverages written in connection with farm real or personal property, travel or camper trailers designed to be pulled by private passenger motor vehicles unless insured under policies covering nonfleet private passenger motor vehicles; residential real and personal property insured in multiple line insurance policies covering business activities as the primary insurable interest; and marine, general liability, burglary and theft, glass, and animal collision insurance except when such coverages are written as an integral part of a multiple line insurance policy for which there is an indivisible premium.

The provisions of this Article shall not apply to hospital service or medical service corporations, investment companies, mutual benefit associations, or fraternal beneficiary associations.

SECTION 12.6.(f) This section becomes effective July 1, 2016.

AMEND "MOPED" DEFINITION

SECTION 13.(a) G.S. 20-4.01 reads as rewritten:

"§ 20-4.01. Definitions.

Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

(7a) Electric Assisted Bicycle. – A bicycle with two or three wheels that is equipped with a seat or saddle for use by the rider, fully operable pedals for human propulsion, and an electric motor of no more than 750 watts, whose maximum speed on a level surface when powered solely by such a motor is no greater than 20 miles per hour.

(7b) Electric Personal Assistive Mobility Device. – A self-balancing nontandem two-wheeled device, designed to transport one person, with a propulsion system that limits the maximum speed of the device to 15 miles per hour or less.
Employer. — Any person who owns or leases a commercial motor vehicle or assigns a person to drive a commercial motor vehicle and would be subject to the alcohol and controlled substance testing provisions of 49 C.F.R. § 382 and also includes any consortium or third-party administrator administering the alcohol and controlled substance testing program on behalf of owner-operators subject to the provisions of 49 C.F.R. § 382.

Moped. — A type of passenger vehicle as defined in G.S. 105-164.3.

Motor Vehicle. — Every vehicle which is self-propelled and every vehicle designed to run upon the highways which is pulled by a self-propelled vehicle. Except as specifically provided otherwise, this term shall not include mopeds as defined in G.S. 20-101(27)d1.mopeds or electric assisted bicycles.

Passenger Vehicles. —

c2. Motor-driven bicycle. — A vehicle with two or three wheels, a steering handle, one or two saddle seats, pedals, and a motor that cannot propel the vehicle at a speed greater than 20 miles per hour on a level surface. This term shall not include an electric assisted bicycle as defined in subdivision (7a) of this section.

d. Motorcycles. — Vehicles having a saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground, including autocycles, motor scooters, and motor-driven bicycles, but excluding tractors and utility vehicles equipped with an additional form of device designed to transport property, three-wheeled vehicles while being used by law-enforcement agencies, electric assisted bicycles, and mopeds as defined in subdivision d1 of this subsection.

d1. Moped. — Defined in G.S. 105-164.3.A vehicle, other than a motor-driven bicycle or electric assisted bicycle, that has two or three wheels, no external shifting device, a motor that does not exceed 50 cubic centimeters piston displacement and cannot propel the vehicle at a speed greater than 30 miles per hour on a level surface. The motor may be powered by electricity, alternative fuel, motor fuel, or a combination of each.

Vehicle. — Every device in, upon, or by which any person or property is or may be transported or drawn upon a highway, excepting devices moved by human power or used exclusively upon fixed rails or tracks; provided, that for the purposes of this Chapter bicycles and electric assisted bicycles shall be deemed vehicles and every rider of a bicycle or an electric assisted bicycle upon a highway shall be subject to the provisions of this Chapter applicable to the driver of a vehicle except those which by their nature can have no application. This term shall not include a device which is designed for and intended to be used as a means of transportation for a person with a mobility impairment, or who uses the device for mobility enhancement, is suitable for use both inside and outside a building, including on sidewalks, and is limited by design to 15 miles per hour when the device is being operated by a person with a mobility impairment, or who uses the device for mobility enhancement. This term shall not include an electric personal...
assistance mobility device as defined in G.S. 20-4.01(7a). subdivision (7b) of this section.

SECTION 13.(b)  G.S. 20-10.1 reads as rewritten:

"§ 20-10.1.  Mopeds.
It shall be unlawful for any person who is under the age of 16 years to operate a moped as defined in G.S. 105-164.3 G.S. 20-4.01(27)d1. upon any highway or public vehicular area of this State."

SECTION 13.(c)  G.S. 20-171.1 reads as rewritten:

"§ 20-171.1.  Definitions.
As used in this Part, except where the context clearly requires otherwise, the words and expressions defined in this section shall be held to have the meanings here given to them:

Bicycle. – A nonmotorized vehicle with two or three wheels tandem, a steering handle, one or two saddle seats, and pedals by which the vehicle is propelled, or an electric assisted bicycle, as defined in G.S. 20-4.01(7a)."

SECTION 13.(d)  G.S. 20-175.6 reads as rewritten:

"§ 20-175.6.  Electric personal assistive mobility devices.
(a) Electric Personal Assistive Mobility Device. – As defined in G.S. 20-4.01(7a) G.S. 20-4.01(7b)."

SECTION 13.(e) Reserved.

SECTION 13.(f)  G.S. 58-37-1 reads as rewritten:

As used in this Article:

(6) "Motor vehicle" means every self-propelled vehicle that is designed for use upon a highway, including trailers and semitrailers designed for use with such vehicles (except traction engines, road rollers, farm tractors, tractor cranes, power shovels, and well drillers). "Motor vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d. "Motor vehicle" does not mean a moped, as defined in G.S. 105-164.3 G.S. 20-4.01(27)d1., or an electric assisted bicycle, as defined in G.S. 20-4.01(7a). Notwithstanding any other provisions of this Article, liability insurance on a moped is not eligible for cession to the Facility.

SECTION 13.(g) Reserved.

SECTION 13.(h)  G.S. 105-164.3 reads as rewritten:

"§ 105-164.3.  Definitions.
The following definitions apply in this Article:

(22) Moped. – A vehicle that has two or three wheels, no external shifting device, and a motor that does not exceed 50 cubic centimeters piston displacement and cannot propel the vehicle at a speed greater than 30 miles per hour on a level surface. As defined in G.S. 20-4.01(27)d1.

SECTION 13.(i)  G.S. 20-51(14) reads as rewritten:

"§ 20-51.  Exempt from registration.
The following shall be exempt from the requirement of registration and certificate of title:

(14) Electric personal assistive mobility devices as defined in G.S. 20-4.01(7a) G.S. 20-4.01(7b)."
SECTION 13.(j) This section becomes effective December 1, 2016, and applies to offenses committed on or after that date.

SECTION 13.1. Reserved.

ALLOW DEALER PLATES FOR EMPLOYEES OF INDEPENDENT DEALERS AND FAMILY MEMBERS

SECTION 13.5. G.S. 20-79(d)(5)f. reads as rewritten:

"(d) Restrictions on Use. – A dealer license plate may be displayed only on a motor vehicle that meets all of the following requirements:

... (5) Is driven on a highway by a person who meets one of the following descriptions:

... f. Is an officer, sales representative, or other employee of an independent motor vehicle dealer or is an immediate family member of an officer, sales representative, or other employee of an independent or franchised motor vehicle dealer."

LAW ENFORCEMENT/PROVIDE ACCIDENT REPORT TO INSURER

SECTION 13.8. G.S. 20-166.1(e) reads as rewritten:

"(e) Investigation by Officer. – The appropriate law enforcement agency must investigate a reportable accident. A law-enforcement officer who investigates a reportable accident, whether at the scene of the accident or by subsequent investigations and interviews, must make a written report of the accident within 24 hours of the accident and must forward it as required by this subsection. The report must contain information on financial responsibility for the vehicle driven by the person whom the officer identified as at fault for the accident.

If the officer writing the report is a member of the State Highway Patrol, the officer must forward the report to the Division. If the officer is not a member of the State Highway Patrol, the officer must forward the report to the local law enforcement agency for the area where the accident occurred. A local law enforcement agency that receives an accident report must forward it to the Division within 10 days after receiving the report. Upon request of the driver of the motor vehicle involved in the accident or the insurance agent or company identified by the driver under subsection (b) of this section, notwithstanding any provision of Chapter 132 of the General Statutes to the contrary, the officer writing the report may forward an uncertified copy of the report to the insurance agent or company identified by the driver under subsection (b) of this section if evidence satisfactory to the officer is provided showing a certified copy of the report has been requested from the Division and the applicable fee set in G.S. 20-42 has been paid. Nothing in this section shall prohibit a law enforcement agency from providing to the public accident reports or portions of accident reports that are public records.

When a person injured in a reportable accident dies as a result of the accident within 12 months after the accident and the death was not reported in the original report, the law enforcement officer investigating the accident must file a supplemental report that includes the death."

SECTION 14. Reserved.

PART V. UNMANNED AIRCRAFT SYSTEM TECHNICAL CHANGE

SECTION 14.5. G.S. 63-96 reads as rewritten:

"§ 63-96. Permit required for commercial operation of unmanned aircraft systems.

(a) No person shall operate an unmanned aircraft system, as defined in G.S. 15A-300.1, in this State for commercial purposes unless the person is in possession of a permit issued by the Division valid for the unmanned aircraft system being operated. Application for the permit shall be made in the manner provided by the Division. Unless suspended or revoked, the permit shall be effective for a period to be established by the Division not exceeding eight years."
(b) No person shall be issued a permit under this section unless all of the following apply:

1. The person is at least 17 years of age.
2. The person possesses a valid drivers license issued by any state or territory of the United States or the District of Columbia.
3. The person has passed the knowledge test for operating an unmanned aircraft system as prescribed in G.S. 63-95(b).
4. The person has satisfied all other applicable requirements of this Article or federal regulation.

PART VI. MAP ACT CHANGES

MODIFY USE OF STI FUNDS

SECTION 15. Notwithstanding any provision of law to the contrary, damages, right-of-way costs, and planning and design costs related to litigation concerning the adoption of a transportation corridor official map under Article 2E of Chapter 136 of the General Statutes shall be paid from the tier under Article 14B of Chapter 136 of the General Statutes in which the project covered by the transportation corridor official map was funded under or is programmed to be funded under. For projects covered by a transportation corridor official map that were not funded, or are not programmed to be funded, under Article 14B of Chapter 136 of the General Statutes, damages, right-of-way costs, and planning and design costs related to litigation concerning the adoption of the transportation corridor official map shall be paid from the regional allocation of funds under Article 14B of Chapter 136 of the General Statutes for the region covered by the transportation corridor official map.

ONE YEAR MORATORIUM ON NEW MAPS UNDER MAP ACT

SECTION 16. G.S. 136-44.50 is amended by adding a new subsection to read:

"(h) No new transportation corridor official map may be adopted pursuant to this section from July 1, 2016, to July 1, 2017."

ALL MAP ACT CORRIDOR MAPS RESCINDED

SECTION 17.(a) All transportation corridor official maps adopted pursuant to Article 2E of Chapter 136 of the General Statutes, and any amendments thereto, are hereby rescinded, and all restrictions under Article 2E of Chapter 136 of the General Statutes shall no longer apply to properties or portions of properties within the affected transportation corridors.

SECTION 17.(b) The Department shall post information concerning each map rescinded pursuant to subsection (a) of this section on its Web site, and provide notice of each map rescinded pursuant to subsection (a) of this section to all of the following for the affected jurisdictions:

1. The office of the city clerk.
2. The county tax supervisor and city tax collector.
3. The register of deeds.
4. The city and county planning agency.

SECTION 17.(c) Nothing in subsection (a) of this section shall be construed as tolling, delaying, or otherwise modifying the time in which a complaint must be filed under G.S. 136-111.

MODIFY DOT CONDEMNATION INTEREST RATE

SECTION 18.(a) G.S. 24-1 reads as rewritten:

"§ 24-1. Legal rate is eight percent.

The Except as otherwise provided in G.S. 136-113, the legal rate of interest shall be eight percent (8%) per annum for such time as interest may accrue, and no more."

SECTION 18.(b) G.S. 136-113 reads as rewritten:
"§ 136-113. Interest as a part of just compensation.

To said amount awarded as damages by the commissioners or a jury or judge, the judge shall, as a part of just compensation, add interest at the legal rate as provided in G.S. 24-1 on said amount from the date of taking to the date of judgment; but interest shall not be allowed from the date of deposit on so much thereof as shall have been paid into court as provided in this Article. For purposes of this section, the term "legal rate" means the prime lending rate, as published by the Board of Governors of the Federal Reserve System on the first business day of the calendar month immediately preceding the date of taking. The legal rate established under this section shall not exceed the legal rate set in G.S. 24-1."

SECTION 18. This section is effective when it becomes law and applies to causes of action filed on or after that date.

DOT/STUDY PROCESS FOR PROTECTING PROPOSED TRANSPORTATION CORRIDORS

SECTION 19. The Department of Transportation shall study the development of a process that equitably balances the interest of the State in protecting proposed transportation corridors from development, the property rights of affected landowners, and the taxpayers of the State. Beginning October 1, 2016, the Department shall report quarterly to the General Assembly and to the Joint Legislative Transportation Oversight Committee on its progress in completing the study required under this section. By July 1, 2017, the Department shall submit a final report to the General Assembly and to the Joint Legislative Transportation Oversight Committee detailing its findings and recommendations, including any legislative proposals.

PART VII. EFFECTIVE DATE

SECTION 20. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-91

AN ACT TO AMEND CHAPTER 7A OF THE GENERAL STATUTES TO AUTHORIZE A RETIRED BUSINESS COURT JUDGE TO BE RECALLED TO SERVE AS A SENIOR BUSINESS COURT JUDGE.

The General Assembly of North Carolina enacts:

"§ 7A-45.3. Superior court judges designated for complex business cases.

The Chief Justice may exercise the authority under rules of practice prescribed pursuant to G.S. 7A-34 to designate one or more of the special superior court judges authorized by G.S. 7A-45.1 to hear and decide complex business cases as prescribed by the rules of practice. Any judge so designated shall be known as a Business Court Judge and shall preside in the Business Court. If there is more than one business court judge, including any judge serving as a senior business court judge pursuant to G.S. 7A-52(a1) or upon recall pursuant to G.S. 7A-57, the Chief Justice may designate one of them as the Senior Chief Business Court Judge. If there is no designation by the Chief Justice, the judge with the longest term of service on the court shall serve as Senior Chief Business Court Judge until the Chief Justice makes an appointment to the position. The presiding Business Court Judge shall issue a written opinion in connection with any order granting or denying a motion under G.S. 1A-1, Rule 12, 56, 59, or 60, or any order finally disposing of a complex business case, other than an order effecting a settlement agreement or jury verdict."

SECTION 2. G.S. 7A-45.4(c) reads as rewritten:

"(c) A party designating an action as a mandatory complex business case shall file a Notice of Designation in the Superior Court in which the action has been filed, shall contemporaneously serve the notice on each opposing party or counsel and on the Special
Superior Court Judge for Complex Business Cases who is then the senior Chief Business Court Judge, and shall contemporaneously send a copy of the notice by e-mail to the Chief Justice of the Supreme Court for approval of the designation of the action as a mandatory complex business case. The Notice of Designation shall, in good faith and based on information reasonably available, succinctly state the basis of the designation and include a certificate by or on behalf of the designating party that the civil action meets the criteria for designation as a mandatory complex business case pursuant to subsection (a) or (b) of this section."

SECTION 3. G.S. 7A-52 reads as rewritten:

"§ 7A-52. Retired district and superior court judges may become emergency judges subject to recall to active service; compensation for emergency judges on recall.

(a) Judges of the district court and judges of the superior court who have not reached the mandatory retirement age specified in G.S. 7A-4.20, but who have retired under the provisions of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the court from which they retired. The Chief Justice of the Supreme Court may order any emergency judge of the district or superior court who, in his opinion, is competent to perform the duties of a judge of the court from which such judge retired, to hold regular or special sessions of such court, as needed. Order of assignment shall be in writing and entered upon the minutes of the court to which such emergency judge is assigned.

(a1) An emergency judge of the superior court may be recalled to active service by the Chief Justice and assigned to hear and decide complex business cases if, at the time of the judge's retirement, all of the following conditions are met:

(1) The judge is a special superior court judge who is retiring from a term to which the judge was appointed pursuant to G.S. 7A-45.1.
(2) The judge is retiring from a term for which the judge was assigned by the Chief Justice to hear and decide complex business cases as a business court judge pursuant to G.S. 7A-45.3.
(3) The judge's nomination to serve a successive term in the same office is pending before the General Assembly, or was not acted upon by the General Assembly prior to adjournment sine die.
(4) If confirmed and appointed to the successive term of office for which nominated, the judge would reach mandatory retirement age before completing that term of office.

An emergency judge assigned to hear and decide complex business cases pursuant to this subsection shall be designated by the Chief Justice as a senior business court judge and shall be eligible to serve in that capacity for five years from the issuance date of the judge's commission under G.S. 7A-53 or until the judge's commission expires, whichever occurs first. Order of assignment shall be in writing and entered upon the minutes of the court to which such emergency judge is assigned.

(b) In addition to the compensation or retirement allowance the judge would otherwise be entitled to receive by law, each emergency judge of the district or superior court who is assigned to temporary active service by the Chief Justice shall be paid by the State the judge's actual expenses, plus four hundred dollars ($400.00) for each day of active service rendered upon recall, and each emergency judge designated as a senior business court judge pursuant to subsection (a1) of this section shall be paid by the State the judge's actual expenses, plus five hundred dollars ($500.00) for each day of active service rendered upon recall as a senior business court judge. No day of active service rendered by an emergency judge pursuant to assignment under subsection (a) of this section shall overlap with a day of active service rendered pursuant to assignment under subsection (a1) of this section. No recalled retired trial judge shall receive from the State total annual compensation for judicial services in excess of that received by an active judge of the bench to which the judge is recalled."

SECTION 4. G.S. 7A-57 reads as rewritten:
§ 7A-57. Recall of active and emergency trial judges who have reached mandatory retirement age.

Superior and district court judges retired because they have reached the mandatory retirement age, and emergency superior and district court judges whose commissions have expired because they have reached the mandatory retirement age, may be recalled to preside over regular or special sessions of the court from which retired under the following circumstances:

1. The judge must consent to the recall.
2. The Chief Justice is authorized to order the recall.
3. Prior to ordering recall, the Chief Justice shall satisfy himself that the recalled judge is capable of efficiently and promptly discharging the duties of the office to which recalled.
5. Orders of recall and assignment shall be in writing and entered upon the minutes of the court to which assigned.
6. Compensation of recalled retired trial judges is the same as for recalled emergency trial judges under G.S. 7A-52(b).
7. Recalled emergency judges who served as a senior business court judge and whose commission expired upon reaching the mandatory retirement age may be recalled by the Chief Justice and assigned to hear and decide complex business cases as a senior business court judge for up to five years from the issuance date of their commission under G.S. 7A-53."

SECTION 5. G.S. 135-71(c) reads as rewritten:
"(c) Notwithstanding any other provision in this Chapter, the retirement allowance of a justice or judge shall not be affected by the compensation received as an emergency justice or judge or as a senior business court judge."

SECTION 6. Section 3 of this act is effective when it becomes law and applies to judges who retire on or after that date. Section 4 of this act is effective when it becomes law and applies to judges who reach the mandatory retirement age on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2016.
storage, transmission, sale, delivery or furnishing of electricity, water, steam, oil, oil products, or gas. The term also includes a motor carrier of property whose principal business activity is transporting property by motor vehicle for hire over the public highways of this State."

SECTION 1.2. G.S. 105-153.5(c2), as amended by S.L. 2016-6, reads as rewritten:
"(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer must add to the taxpayer's adjusted gross income any of the following items that are not included in the taxpayer's adjusted gross income:
(1) For taxable years 2014, 2015, and 2016, the amount excluded from the taxpayer's gross income for the discharge of qualified principal residence indebtedness under section 108 of the Code. The purpose of this subdivision is to decouple from the income exclusion available under federal tax law. If the taxpayer is insolvent, as defined in section 108(d)(3) of the Code, then the addition required under this subdivision is limited to the amount of discharge of qualified principal residence indebtedness excluded from adjusted gross income under section 108(a)(1)(E) of the Code that exceeds the amount of discharge of indebtedness that would have been excluded under section 108(a)(1)(B) of the Code."

PART II. SALES TAX CHANGES
SECTION 2.1.(a) G.S. 105-164.13(11b), as amended by Section 3.23(a) of S.L. 2016-5, reads as rewritten:
"(11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this subsection. This exemption also applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, 2020."

SECTION 2.1.(b) This section becomes effective January 1, 2016.

SECTION 2.2. G.S. 105-164.3(33c), as amended by Section 5.5(a) of S.L. 2016-5, reads as rewritten:
"(33c) Qualifying datacenter. – A datacenter that satisfies each of the following conditions:
... c. The datacenter certifies that it provides health insurance for all of its full-time employees. The datacenter provides health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125."

SECTION 2.3. G.S. 105-164.4 reads as rewritten:
"§ 105-164.4. Tax imposed on retailers, retailers and certain facilitators.
... (b) The tax levied in this section shall be collected from the retailer and paid by him at the time and in the manner as hereinafter provided. A person engaging in business as a retailer shall pay the tax required on the net taxable sales of the business at the rates specified when proper books are kept showing separately the gross proceeds of taxable and nontaxable sales of items subject to tax under subsection (a) of this section in a form that may be accurately and conveniently checked by the Secretary or the Secretary's duly authorized agent. If the records are not kept separately, the tax shall be paid on the gross sales of the business and the exemptions and exclusions provided by this Article are not allowed. The tax levied in this
section is in addition to all other taxes whether levied in the form of excise, license, privilege, or other taxes. The requirements of this subsection apply to facilitators liable for tax under this Article.

(c) Certificate of Registration. – Before a person may engage in business as a retailer or a wholesale merchant in this State, the person must obtain a certificate of registration from the Department in accordance with G.S. 105-164.29. A facilitator that is liable for tax under G.S. 105-164.4F must obtain a certificate of registration from the Department in accordance with G.S. 105-164.29."

SECTION 2.4. G.S. 105-164.7 reads as rewritten:

"§ 105-164.7. Retailer or facilitator to collect sales tax from purchaser as trustee for State.

The sales tax imposed by this Article is intended to be passed on to the purchaser of a taxable item and borne by the purchaser instead of by the retailer. A retailer must collect the tax due on an item when the item is sold at retail. The requirements of this section apply to facilitators liable for tax under this Article. The tax is a debt from the purchaser to the retailer until paid and is recoverable at law by the retailer in the same manner as other debts. A retailer is considered to act as a trustee on behalf of the State when it collects tax from the purchaser of a taxable item. The tax must be stated and charged separately on the invoices or other documents of the retailer given to the purchaser at the time of the sale except for either of the following:

1. Vending machine sales.
2. Where a retailer displays a statement indicating the sales price includes the tax."

SECTION 2.5. G.S. 105-164.13(63) reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

Agricultural Group.

... (63) Food and prepared food to be provided to a person entitled to the food and prepared food under a prepaid meal plan subject to tax under G.S. 105-164.4(a)(12). This exemption applies to packaging items including wrapping paper, labels, plastic bags, cartons, packages and containers, paper cups, napkins and drinking straws, and like articles that meet all of the following requirements:

a. Used for packaging, shipment, or delivery of the food and prepared food.
b. Constitute a part of the sale of the food and prepared food.
c. Delivered with the food and prepared food."

SECTION 2.6. G.S. 105-164.15A(b) reads as rewritten:

"(b) Combined Rate Items. – The effective date of a rate change for an item that is taxable under this Article at the combined general rate is the effective date of any of the following:

1. For a taxable item that is not billed on a monthly or other periodic basis, a tax change applies to amounts received for items provided on or after the effective date of a change in the State general rate of tax set in G.S. 105-164.4.

1a. For a taxable item that is provided and billed on a monthly or other periodic basis:

a. A tax increase applies to the first billing period that is at least 30 days after enactment and that starts on or after the effective date."
h. A tax rate decrease applies to bills rendered on or after the effective date.

(2) For an increase in the authorization for local sales and use taxes, the date on which local sales and use taxes authorized by Subchapter VIII of this Chapter for every county become effective in the first county or group of counties to levy the authorized taxes.

(3) For a repeal in the authorization for local sales and use taxes, the effective date of the repeal.”

SECTION 2.7. G.S. 105-187.5(b) reads as rewritten:
"§ 105-187.5. Alternate tax for those who rent or lease motor vehicles.
...
(b) Rate. – The tax rate on the gross receipts from the short-term lease or rental of a motor vehicle is eight percent (8%) and the tax rate on the gross receipts from the long-term lease or rental of a motor vehicle is three percent (3%). Gross receipts does not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the lease or rental price. The maximum tax in G.S. 105-187.3(a) on certain motor vehicles applies to a continuous lease or rental of such a motor vehicle to the same person."

PART III. LOCAL GOVERNMENT TAX CHANGES
SECTION 3.1.(a) G.S. 153A-148.1(a) reads as rewritten:
(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes or any other law regarding access to public records, local tax records that contain information about a taxpayer's income or receipts are not public records. A current or former officer, employee, or agent of a county who in the course of service to or employment by the county has access to information about the amount of a taxpayer's income or receipts may not disclose the information to any other person unless the disclosure is made for one of the following purposes:
...
(7) To disclose to the authorized finance officer of any municipality located within the county tax information in the possession of the county, as necessary to administer a tax."

SECTION 3.1.(b) G.S. 160A-208.1(a) reads as rewritten:
(a) Disclosure Prohibited. – Notwithstanding Chapter 132 of the General Statutes or any other law regarding access to public records, local tax records that contain information about a taxpayer's income or receipts are not public records. A current or former officer, employee, or agent of a city who in the course of service to or employment by the city has access to information about the amount of a taxpayer's income or receipts may not disclose the information to any other person unless the disclosure is made for one of the following purposes:
...
(5) To disclose to the authorized finance officer of the county in which the municipality is located tax information in the possession of the municipality, as necessary to administer a tax."

PART IV. MSA CHANGES
SECTION 4.(a) G.S. 66-294(b) reads as rewritten:
"§ 66-294. Duties of manufacturers.
...
(b) Nonparticipating Manufacturers. – A nonparticipating manufacturer must: ..."
Notwithstanding any other provision of law, if a newly qualified nonparticipating manufacturer is to be listed in the North Carolina Tobacco Directory (the Directory), or if the Attorney General reasonably determines that any nonparticipating manufacturer who has filed a certification pursuant to G.S. 66-291, et seq., poses an elevated risk for noncompliance with this Article, neither such nonparticipating manufacturer nor any of its brand families shall be included in the Directory unless and until such nonparticipating manufacturer, or its United States importer that undertakes joint and several liability for the manufacturer's performance in accordance with G.S. 66-291, et seq., has posted a bond in accordance with this section.

The bond shall be posted by a corporate surety located within the United States in a form and manner acceptable to the Attorney General, or a cash equivalent posted by the nonparticipating manufacturer, in an amount equal to the greater of fifty thousand dollars ($50,000) or the greatest amount of escrow the manufacturer in either its current or predecessor form was required to deposit as a result of its highest calendar year's sales in North Carolina for any of the preceding three calendar years or greatest quarterly escrow deposit for any of the preceding 12 calendar quarters, depending on the manufacturer's required escrow deposit frequency. The bond or its cash equivalent shall be posted by a corporate surety located within the United States in a form and manner acceptable to the Attorney General, or a cash equivalent posted by the nonparticipating manufacturer, in an amount equal to the greater of fifty thousand dollars ($50,000) or the greatest amount of escrow the manufacturer in either its current or predecessor form was required to deposit as a result of its highest calendar year's sales in North Carolina for any of the preceding three calendar years or greatest quarterly escrow deposit for any of the preceding 12 calendar quarters, depending on the manufacturer's required escrow deposit frequency. The bond shall be written in favor of North Carolina and such bond or cash equivalent shall be conditioned on the performance by the nonparticipating manufacturer or its United States importer that undertakes joint and several liability for the manufacturer's performance, in accordance with G.S. 66-294.2, of all of its duties and obligations under this Article during the year in which the certification is filed and the next succeeding calendar year. The bond may be drawn upon by the Attorney General to cover unsatisfied escrow obligations, penalties, and any other liability under the tobacco laws of the State.

Some factors, though not exclusive, which the Attorney General may consider in determining whether any nonparticipating manufacturer or importer poses an elevated risk of noncompliance are (i) the nonparticipating manufacturer or any affiliate thereof or importer has illegally failed to satisfy an escrow obligation with respect to any state in the past; (ii) any state has removed the nonparticipating manufacturer or its brand families or an affiliate or any of the affiliate's brand families from the state's tobacco directory for noncompliance with the state's laws; (iii) any state has pending litigation against, or an unsatisfied judgment against the nonparticipating manufacturer or any affiliate thereof or importer for escrow or penalties related to noncompliance with state escrow laws; (iv) the nonparticipating manufacturer sells its cigarettes or tobacco products directly to consumers via remote or other non-face-to-face means; (v) a state or federal court has determined that the nonparticipating manufacturer or importer has violated any tobacco tax or tobacco control law or engaged in unfair business practice or unfair competition; or (vi) the nonparticipating manufacturer or importer fails to submit or complete any required forms, documents, certifications, or notices, in a timely manner or, to the satisfaction of the Attorney General."

SECTION 4.(b) This section becomes effective October 1, 2016.

PART V. UI TAX CHANGES

SECTION 5.(a) G.S. 96-9.2(c) reads as rewritten:
"§ 96-9.2. Required contributions to the Unemployment Insurance Fund.

(c) Contribution Rate for Experience-Rated Employer. – The contribution rate for an experience-rated employer who does not qualify as a beginning employer under subsection (b) of this section is determined in accordance with the table set out below and then rounded to the nearest one-hundredth percent (0.01%), subject to the minimum and maximum contribution rates. The minimum contribution rate is six-hundredths of one percent (0.06%). The maximum contribution rate is five and seventy-six hundredths percent (5.76%). "Total insured wages" are the total wages reported by all insured employers for the 12-month period ending on June 30 preceding the computation date. The calculations in the table set out below are applied as of September 1 following the computation date. An employer's experience rating is computed as a reserve ratio in accordance with G.S. 96-9.4. An employer's reserve ratio percentage (ERRP) is the employer's reserve ratio multiplied by sixty-eight hundredths. A positive ERRP produces a lower contribution rate, and a negative ERRP produces a higher contribution rate.

<table>
<thead>
<tr>
<th>UI Trust Fund Balance as Percentage of Total Insured Wages</th>
<th>Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to 1%</td>
<td>2.9% minus ERRP</td>
</tr>
<tr>
<td>Greater than 1% but less than or equal to 1.25%</td>
<td>2.4% minus ERRP</td>
</tr>
<tr>
<td>Greater than 1.25%</td>
<td>1.9% minus ERRP</td>
</tr>
</tbody>
</table>

SECTION 5.(b) This section is effective when it becomes law and applies to contributions payable for calendar quarters beginning on or after January 1, 2017.

PART VI. EFFECTIVE DATE

SECTION 6. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-93

AN ACT TO MODIFY THE INDUSTRIAL HEMP RESEARCH PROGRAM BY CLARIFYING THE DEFINITION OF RESEARCH PURPOSES AND THE RESPONSIBILITIES OF LICENSEES, CREATING CIVIL AND CRIMINAL PENALTIES FOR VIOLATIONS OF THE INDUSTRIAL HEMP PROGRAM, AND GRANTING RULE-MAKING AUTHORITY TO THE INDUSTRIAL HEMP COMMISSION.

The General Assembly of North Carolina enacts:


The following definitions apply in this Article:

1. Certified seed. – Industrial hemp seed that has been certified as having a delta-9 tetrahydrocannabinol concentration less than that adopted by federal law in the Controlled Substances Act, 21 U.S.C. § 801 et seq.

2. Commercial use. – The use of industrial hemp as a raw ingredient in the production of hemp products.

3. Commission. – The North Carolina Industrial Hemp Commission created by this Article.


5. Grower. – Any person licensed to grow industrial hemp by the Commission pursuant to this Article.
(6) Hemp products. – All products made from industrial hemp, including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard, plastics, seed, seed meal and seed oil for consumption, and certified seed for cultivation if the seeds originate from industrial hemp varieties.

(7) Industrial hemp. – All parts and varieties of the plant Cannabis sativa (L.), cultivated or possessed by a grower licensed by the Commission, whether growing or not, that contain a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis.

(7a) Industrial hemp research program. – The research program established pursuant to G.S. 106-568.53(1).

(7b) State land grant university. – North Carolina State University and North Carolina A&T State University.

(8) Tetrahydrocannabinol or THC. – The natural or synthetic equivalents of the substances contained in the plant, or in the resinous extractives of, cannabis, or any synthetic substances, compounds, salts, or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity."

SECTION 2. G.S. 106-568.52 reads as rewritten:


(a) Creation and Membership. – The North Carolina Industrial Hemp Commission is established and shall consist of five nine members as follows:

(1) The Commissioner of Agriculture or the Commissioner's designee, who shall serve as vice-chair.

(2) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, who shall at the time of appointment be a municipal chief of police.

(3) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, who shall at the time of appointment be an elected sheriff or the sheriff's designee.

(4) One Two appointed by the Governor who shall at the time of appointment be a full-time faculty member of a State land grant university who regularly teaches works in the field of agricultural science or research.

(5) One Two appointed by the Commissioner of Agriculture, who shall be a full-time farmer with at least 10 years of experience in agricultural production in the State.

(6) One appointed by the Commissioner of Agriculture, who shall be a professional agricultural consultant.

(7) One appointed by the Commissioner of Agriculture, who shall be an agribusiness professional.

(b) Terms of Members. – Members of the Commission shall serve terms of four years, beginning effective July 1 of the year of appointment, and may be reappointed to a second four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), and (a)(4) of this section shall expire on June 30 of any year evenly divisible by four. The terms of the remaining members shall expire on June 30 of any year that follows by two years a year evenly divisible by four.

(c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a two-year term and may be reelected.

(d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.
(e) Removal. – The appointing authority shall have the power to remove any member of the Commission appointed by that authority from office for misfeasance, malfeasance, or nonfeasance.

(f) Reimbursement. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(g) Quorum. – Three members of the Commission shall constitute a quorum for the transaction of business.

(h) Staff. – The Commission is authorized and empowered to employ no more than two persons as staff to assist the Commission in the proper discharge of its duties and responsibilities. The chair of the Commission shall organize and direct the work of the Commission staff. The salaries and compensation of all such personnel shall be determined by the Commission; provided, however, that the aggregate cost for salaries and benefits of the staff may not exceed two hundred thousand dollars ($200,000)."

SECTION 3. G.S. 106-568.53 reads as rewritten:


The Commission shall have the following powers and duties:

(1) To establish an agricultural industrial hemp research program to grow or cultivate industrial hemp in the State, to be directly managed and coordinated by State land grant universities. The Commission shall pursue any permits or waivers from the United States Drug Enforcement Agency or any other federal agency that are necessary for the establishment of the industrial hemp cultivation pilot research program established by this Article. This research program shall consist primarily of demonstration plots planted and cultivated in North Carolina by selected growers. The growers shall be licensed pursuant to subdivision (2) of this section prior to planting any industrial hemp.

(2) To issue licenses allowing a person, firm, or corporation to cultivate industrial hemp for commercial research purposes to the extent allowed by federal law, upon proper application as the Commission may specify, and in accordance with G.S. 106-568.53A. Each licensee shall provide a complete and accurate legal description of the location of the industrial hemp farming operation, including GPS coordinates, and the license shall be issued for cultivation only in those locations identified in the application and shall include on its face the description of those areas. The Department shall provide administrative support to the Commission for the processing of applications and issuance of licenses.

(3) To support the Commission's activities, and to reimburse the Department for expenses associated with the issuance of cultivation licenses under subdivision (2) of this section, the Commission may charge the following fees:

(a) An initial, graduated license fee, to be paid by each cultivator, based upon the number of acres proposed for cultivation of industrial hemp, not to exceed ten thousand dollars ($10,000), with incentive provisions to encourage the participation of small acreage farmers.

(b) An annual fee that is the sum of two hundred fifty dollars ($250.00) and two dollars ($2.00) per acre of industrial hemp cultivated.

In setting fees under this subdivision, the Commission may create fair and reasonable licensing preferences for license applicants from North Carolina counties that have been recognized as economically depressed or disadvantaged. The Department shall collect and manage all fees charged by the Commission and shall remit all funds collected under this subdivision to the Commission at least monthly. The Department may retain its actual
expenses associated with the issuance of cultivation licenses from the amount to be remitted to the Commission.

(4) To receive gifts, grants, federal funds, and any other funds both public and private needed to support the Commission's duties and programs.

(5) To establish procedures for reporting to the Commission by the growers and processors for agricultural or academic research and to collaborate and coordinate research efforts with the appropriate departments or programs of North Carolina State University and North Carolina A & T State University.

(6) To study and investigate marketplace opportunities for hemp products to increase the job base in the State by means of employment related to the production of industrial hemp.

(7) To study and investigate methods of industrial hemp cultivation that are best suited to soil conservation and restoration.

(8) To propose to the Board of Agriculture for adoption reasonable rules and regulations necessary to carry out the purposes of this Article, which shall include, but are not limited to, rules for all of the following:

a. Testing of the industrial hemp during growth to determine tetrahydrocannabinol levels. Testing methods and protocols shall comply in all respects with any and all applicable federal requirements.

b. Supervision of the industrial hemp during its growth and harvest, including rules for verification of the type of seeds and plants used and grown by licensees.

c. The production and sale of industrial hemp, consistent with the rules of the United States Department of Justice and Drug Enforcement Administration for the production, distribution, and sale of industrial hemp.

d. Means and methods for assisting law enforcement agencies to efficiently ascertain information regarding the legitimate and lawful production of industrial hemp.

e. Strategies and programs for the promotion of industrial hemp products and markets, in conjunction with the North Carolina Department of Agriculture, the North Carolina Department of Commerce, the University of North Carolina system, and the community college system.

f. The fees authorized by subdivision (3) of this section. The Commission shall include in its rulemaking proposals the adoption by reference or otherwise the federal regulations in effect regarding industrial hemp and any subsequent amendments to those regulations. No North Carolina rule, regulation, or statute shall be construed to authorize any person to violate any federal law or regulation.

(9) To undertake any additional studies relating to the production, distribution, or use of industrial hemp as requested by the General Assembly, the Governor, or the Commissioner of Agriculture.

(10) To notify the State Bureau of Investigation and all local law enforcement agencies of the duration, size, and location of all industrial hemp demonstration plots authorized pursuant to the industrial hemp research program.

SECTION 4. Article 50E of Chapter 106 of the General Statutes is amended by adding two new sections to read:

§ 106-568.53A. Responsibilities of licensees.

A person granted an industrial hemp license pursuant to this section shall:
(1) Maintain records that demonstrate compliance with this Article and with all other State laws regulating the planting and cultivation of industrial hemp.

(2) Retain all industrial hemp production records for a minimum of three years.

(3) Allow industrial hemp crops, throughout sowing, growing, and harvesting, to be inspected by and at the discretion of the Commission, the State Bureau of Investigation, or the chief law enforcement officer of the unit or units of local government where the farm is located.

(4) Maintain a current written agreement with a State land grant university that states that the grower is a participant in the industrial hemp research program managed by that institution.

§ 106-568.55. Authorized research purposes.

As part of the industrial hemp research program directly managed by a State land grant university, a licensed grower may engage in any of the following research activities:

(1) Studying and investigating marketplace opportunities for hemp products to increase the job base in the State by means of employment related to the production of industrial hemp.

(2) Studying and investigating methods of industrial hemp cultivation that are best suited to soil conservation and restoration.

(3) Overseeing and analyzing the growth of industrial hemp by licensed growers for agronomy research and analysis of required soils, growing conditions, and harvest methods relating to the production of various varieties of industrial hemp that may be suitable for various commercial hemp products.

(4) Conducting seed research on various types of industrial hemp that are best suited to be grown in North Carolina, including seed availability, creation of North Carolina hybrid types, and in-the-ground variety trials and seed production. The Commission may establish a program to recognize certain industrial hemp seeds as being North Carolina varieties of hemp seed.

(5) Studying the economic feasibility of developing an industrial hemp market in various types of industrial hemp that can be grown in the State, including by commercial marketing and sale of industrial hemp.

(6) Reporting on the estimated value-added benefits, including environmental benefits, to North Carolina businesses of an industrial hemp market of North Carolina-grown industrial hemp varieties.

(7) Studying the agronomy research being conducted worldwide relating to industrial hemp varieties, production, and use.

(8) Researching and promoting on the world market industrial hemp and hemp seed that can be grown in the State.

(9) Promoting research into the development of industrial hemp and commercial markets for North Carolina industrial hemp and hemp products.

(10) Studying the feasibility of attracting federal or private funding for the North Carolina industrial hemp research program.

(11) Studying the use of industrial hemp in new energy technologies, including electricity generation, biofuels, or other forms of energy resources; the growth of industrial hemp on reclaimed mine sites; the use of hemp seed oil in the production of fuels; and the production costs, environmental issues, and costs and benefits involved with the use of industrial hemp for energy.

SECTION 5. Article 50E of Chapter 106 of the General Statutes is amended by adding two new sections to read:

§ 106-568.56. Civil penalty.

(a) In addition to any other liability or penalty provided by law, the Commissioner may assess a civil penalty of not more than two thousand five hundred dollars ($2,500) per violation against any person who:
(1) Violates any provision of this Article or a rule adopted by the Commission, or conditions of any license, permit, or order issued by the Commission.

(2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used for industrial hemp production, or in a manner intended to disguise the marijuana due to its proximity to industrial hemp. This penalty may be imposed in addition to any other penalties provided by law.

(3) Provides the Commission with false or misleading information in relation to a license application or renewal, inspection, or investigation authorized by this Article.

(4) Tamper with or adulterates an industrial hemp crop lawfully planted pursuant to this Article.

(b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

§ 106-568.57. Criminal penalties.

(a) Any person that manufactures, distributes, dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used for industrial hemp production, or in a manner intended to disguise the marijuana due to its proximity to industrial hemp, shall be deemed guilty of a Class I felony. This penalty may be imposed in addition to any other penalties provided by law.

(b) Any person that provides the Commission with false or misleading information in relation to a license application or renewal, inspection, or investigation authorized by this Article shall be deemed guilty of a Class 1 misdemeanor.

(c) Any person that tampers with or adulterates an industrial hemp crop lawfully planted pursuant to this Article shall be deemed guilty of a Class 1 misdemeanor.

SECTION 6. G.S. 90-87(16) reads as rewritten:

"(16) "Marijuana" means all parts of the plant of the genus Cannabis, whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin, but shall not include the mature stalks of such plant, fiber produced from such stalks, oil, or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination. The term does not include industrial hemp as defined in G.S. 106-568.51, when the industrial hemp is produced and used in compliance with rules issued by the Board of Agriculture upon the recommendation of the North Carolina Industrial Hemp Commission.

SECTION 7. Section 3 of S.L. 2015-299 reads as rewritten:

"SECTION 3. The Board of Agriculture-North Carolina Industrial Hemp Commission may adopt temporary rules to implement the provisions of this act and shall adopt permanent rules as recommended by the North Carolina Industrial Hemp Commission. The temporary rules shall remain in effect until permanent rules that replace the temporary rules become effective."

SECTION 8. Section 4 of S.L. 2015-299 reads as rewritten:

"SECTION 4. Section 2 of this act becomes effective on the first day of the month following the adoption of permanent temporary rules pursuant to Section 3 of this act and applies to acts involving the production, possession, or use of industrial hemp occurring on or after that date. The remainder of this act is effective when it becomes law. This act shall expire on June 30 of the fiscal year in which the North Carolina Industrial Hemp Commission adopts

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and submits to the Governor and to the Revisor of Statutes a resolution that a State pilot program allowing farmers to lawfully grow industrial hemp is no longer necessary because (i) the United States Congress has enacted legislation that removes industrial hemp from the federal Controlled Substances Act and (ii) the legislation has taken effect.

SECTION 9. Section 5 of this act becomes effective December 1, 2016, and applies to offenses committed on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-94

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2015 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

SECTION 1.1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the budget. Savings shall be affected where the total amounts appropriated are not required to perform these services and accomplish these purposes, and, except as allowed by the State Budget Act or this act, the savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise provided by G.S. 143C-1-2(b).

TITLE OF ACT

SECTION 1.2. This act shall be known as the "Current Operations and Capital Improvements Appropriations Act of 2016."

PART II. CURRENT OPERATIONS AND EXPANSION GENERAL FUND

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2016-2017 fiscal year:

Current Operations – General Fund FY 2016-2017

EDUCATION

Community Colleges System Office 30,095,192
Department of Public Instruction 313,930,959
University of North Carolina – Board of Governors
  Appalachian State University 250,000
  East Carolina University
    Academic Affairs
    Health Affairs
  Elizabeth City State University 250,000
  Fayetteville State University
  NC A&T State University
  NC Central University
  NC State University

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Academic Affairs 200,000
Agricultural Extension
Agricultural Research

UNC-Asheville
UN-Chapel Hill
Academic Affairs 1,500,000
Health Affairs 3,000,000
AHEC

UNC-Charlotte
UNC-Greensboro
675,000
UNC-School of the Arts 630,000
UNC-Wilmington
Western Carolina University
Winston-Salem State University
General Administration
University Institutional Programs 118,285,194
Related Educational Programs 300,000
NC School of Science & Math
Aid to Private Institutions 44,140,000

Total University of North Carolina – Board of Governors 168,980,194

HEALTH AND HUMAN SERVICES

Department of Health and Human Services
Central Management and Support 8,942,769
Division of Aging & Adult Services 809,321
Division of Blind Services/Deaf/HH 91,653
Division of Child Development & Early Education (6,675,783)
Health Service Regulation 469,252
Division of Medical Assistance (310,324,922)
Division of Mental Health, Developmental Disabilities, & Substance Abuse Services 25,173,816
NC Health Choice 350,831
Division of Public Health 19,638,226
Division of Social Services 14,370,213
Division of Vocational Rehabilitation 456,517

Total Health and Human Services (246,698,107)

AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services 9,572,830
Department of Commerce
Commerce 20,320,848
Commerce State-Aid 650,000

Department of Natural and Cultural Resources
Natural and Cultural Resources 14,718,687
Roanoke Island Commission 0

Wildlife Resources Commission 305,608
Department of Environmental Quality 19,767,076
Department of Labor 298,430
### JUSTICE AND PUBLIC SAFETY

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<tr>
<td>Judicial Department</td>
<td>27,643,723</td>
</tr>
<tr>
<td>Judicial Department – Indigent Defense</td>
<td>6,541,345</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>5,540,436</td>
</tr>
</tbody>
</table>

### GENERAL GOVERNMENT

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Administration</td>
<td>5,405,307</td>
</tr>
<tr>
<td>Office of Administrative Hearings</td>
<td>103,296</td>
</tr>
<tr>
<td>Department of State Auditor</td>
<td>501,059</td>
</tr>
<tr>
<td>Office of State Controller</td>
<td>361,006</td>
</tr>
<tr>
<td>State Board of Elections</td>
<td>117,012</td>
</tr>
<tr>
<td>General Assembly</td>
<td>7,806,816</td>
</tr>
<tr>
<td>Office of the Governor</td>
<td></td>
</tr>
<tr>
<td>Office of the Governor – Special Projects</td>
<td>107,248</td>
</tr>
<tr>
<td>Office of State Budget and Management</td>
<td>440,763</td>
</tr>
<tr>
<td>OSBM – Reserve for Special Appropriations</td>
<td>20,700,000</td>
</tr>
<tr>
<td>Housing Finance Agency</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Department of Insurance</td>
<td>2,532,502</td>
</tr>
<tr>
<td>Office of Lieutenant Governor</td>
<td>25,637</td>
</tr>
<tr>
<td>Department of Military and Veterans Affairs</td>
<td>213,347</td>
</tr>
<tr>
<td>Department of Revenue</td>
<td>1,891,151</td>
</tr>
<tr>
<td>Department of Secretary of State</td>
<td>878,913</td>
</tr>
<tr>
<td>Department of State Treasurer</td>
<td></td>
</tr>
<tr>
<td>State Treasurer</td>
<td>319,008</td>
</tr>
<tr>
<td>State Treasurer – Retirement for Fire and Rescue Squad Workers</td>
<td>5,197,982</td>
</tr>
<tr>
<td>Department of Information Technology</td>
<td>43,297,929</td>
</tr>
</tbody>
</table>

### RESERVES, ADJUSTMENTS AND DEBT SERVICE

<table>
<thead>
<tr>
<th>Reserve</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Bonus Reserve – Executive Branch</td>
<td>28,103,159</td>
</tr>
<tr>
<td>OSHR Minimum of Market Adjustment</td>
<td>(12,000,000)</td>
</tr>
<tr>
<td>Reserve for Future Benefit Needs</td>
<td>(867,331)</td>
</tr>
<tr>
<td>Information Technology Reserve</td>
<td>(21,320,843)</td>
</tr>
<tr>
<td>Information Technology Fund</td>
<td>(21,681,854)</td>
</tr>
<tr>
<td>Job Development Investment Grants (JDIG)</td>
<td>(10,000,000)</td>
</tr>
<tr>
<td>One North Carolina Fund</td>
<td>(417,883)</td>
</tr>
<tr>
<td>Pending Legislation Reserve</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Public Schools Average Daily Membership (ADM)</td>
<td>(107,000,000)</td>
</tr>
<tr>
<td>UNC System Enrollment Growth Reserve</td>
<td>(31,000,000)</td>
</tr>
</tbody>
</table>
State Emergency Response and Disaster Relief Fund 10,000,000
Debt Service
  General Debt Service 1,253,023
  Federal Reimbursement 38,000,000

**TOTAL CURRENT OPERATIONS – GENERAL FUND** 401,984,512

### GENERAL FUND AVAILABILITY STATEMENT

**SECTION 2.2.(a)** The General Fund availability statement set out in Section 2.2(a) of S.L. 2015-241 applies to the 2015-2016 fiscal year only. The General Fund availability used in adjusting the 2016-2017 budget is shown below:

<table>
<thead>
<tr>
<th>FY 2016-2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unappropriated Balance</td>
<td>175,488,544</td>
</tr>
<tr>
<td>Over Collections FY 2015-16</td>
<td>330,200,000</td>
</tr>
<tr>
<td>Reversions FY 2015-16</td>
<td>420,815,473</td>
</tr>
<tr>
<td>Earmarkings of Year End Fund Balance:</td>
<td></td>
</tr>
<tr>
<td>Savings Reserve</td>
<td>(473,616,801)</td>
</tr>
<tr>
<td>Repairs and Renovations</td>
<td>(81,400,000)</td>
</tr>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>371,487,216</td>
</tr>
<tr>
<td>Revenues Based on Existing Tax Structure</td>
<td>21,417,800,000</td>
</tr>
<tr>
<td><strong>Non-tax Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>37,500,000</td>
</tr>
<tr>
<td>Judicial Fees</td>
<td>242,600,000</td>
</tr>
<tr>
<td>Disproportionate Share</td>
<td>147,000,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>77,000,000</td>
</tr>
<tr>
<td>Master Settlement Agreement (MSA)</td>
<td>127,400,000</td>
</tr>
<tr>
<td>Other Non-tax Revenues</td>
<td>178,700,000</td>
</tr>
<tr>
<td><strong>Subtotal Non-tax Revenues</strong></td>
<td>810,200,000</td>
</tr>
<tr>
<td><strong>Adjustment for Medicaid Transformation Fund (S.L. 2015-241)</strong></td>
<td>(150,000,000)</td>
</tr>
<tr>
<td><strong>Total General Fund Availability</strong></td>
<td>22,449,487,216</td>
</tr>
</tbody>
</table>

**Adjustments to Availability: 2016 Session**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Income Tax – Increase Standard Deduction</td>
<td>(145,000,000)</td>
</tr>
<tr>
<td>Sales Tax – Exempt Styrofoam Pellets for Alternative Wastewater System Materials</td>
<td>(1,000,000)</td>
</tr>
<tr>
<td>Sales Tax – Limit Repair and Maintenance Tax on Airplanes and Boats (Direct Pay Option)</td>
<td>(500,000)</td>
</tr>
<tr>
<td>Sales Tax – Repeal Automotive Service Contracts (RMI Services Taxable)</td>
<td>(1,600,000)</td>
</tr>
<tr>
<td>Sales Tax – Modify Base on RMI – Removes Retail/Non-retail Distinction, Applies Capital Improvement Test</td>
<td>22,400,000</td>
</tr>
<tr>
<td>Sales Tax – Elimination of State Contribution to Local Sales Tax Distribution</td>
<td>17,600,000</td>
</tr>
<tr>
<td>Mill Machinery Tax – Expand 1%/$80 rate to Secondary and Precious Metal Recyclers, Metal Fabricators, and Ports</td>
<td>(6,000,000)</td>
</tr>
<tr>
<td>Adjustment for Transfer from Treasurer's Office</td>
<td>517,872</td>
</tr>
<tr>
<td>Adjustment for Transfer from Insurance Regulatory Fund</td>
<td>2,532,502</td>
</tr>
<tr>
<td>Adjustment for Transfer from NCGA Special Fund</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Subtotal Adjustments to Availability: 2016 Session</strong></td>
<td>(108,049,626)</td>
</tr>
<tr>
<td><strong>Revised General Fund Availability</strong></td>
<td>22,341,437,590</td>
</tr>
<tr>
<td><strong>Less General Fund Appropriations</strong></td>
<td>(22,341,437,590)</td>
</tr>
<tr>
<td><strong>Unappropriated Balance Remaining</strong></td>
<td>0</td>
</tr>
</tbody>
</table>
SECTION 2.2.(b) Notwithstanding the provisions of G.S. 143C-4-3(a), the State Controller shall transfer a total of eighty-one million four hundred thousand dollars ($81,400,000) from the unreserved fund balance to the Repairs and Renovations Reserve on June 30, 2016. Funds transferred under this section to the Repairs and Renovations Reserve are hereby appropriated for the 2016-2017 fiscal year and shall be used in accordance with Section 31.5 of S.L. 2015-241, as amended by Section 37.4 of this act. This subsection becomes effective June 30, 2016.

SECTION 2.2.(c) Notwithstanding G.S. 143C-4-2, the State Controller shall transfer a total of four hundred seventy-three million six hundred sixteen thousand eight hundred one dollars ($473,616,801) from the unreserved fund balance to the Savings Reserve Account on June 30, 2016. This transfer is not an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. This subsection becomes effective June 30, 2016.

SECTION 2.2.(d) Notwithstanding any other provision of law to the contrary, effective July 1, 2016, three million dollars ($3,000,000) from the Special Fund – Non-Interest Bearing (Budget Code 21000) shall be transferred to the State Controller to be deposited in the appropriate budget code as determined by the State Controller. These funds shall be used to support the General Fund appropriations as specified in this act for the 2016-2017 fiscal year.

PART III. CURRENT OPERATIONS/HIGHWAY FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Fund FY 2016-2017

<table>
<thead>
<tr>
<th>Department/Division</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation Administration</td>
<td>$ 0</td>
</tr>
<tr>
<td>Construction</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,554,090</td>
</tr>
<tr>
<td>Planning and Research</td>
<td>0</td>
</tr>
<tr>
<td>OSHA Program</td>
<td>0</td>
</tr>
<tr>
<td>State Aid to Municipalities</td>
<td>0</td>
</tr>
<tr>
<td>Ferry</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Aviation</td>
<td>14,817,417</td>
</tr>
<tr>
<td>Rail</td>
<td>13,750,000</td>
</tr>
<tr>
<td>Bicycle and Pedestrian</td>
<td>0</td>
</tr>
<tr>
<td>Governor's Highway Safety</td>
<td>0</td>
</tr>
<tr>
<td>Division of Motor Vehicles</td>
<td>4,973,177</td>
</tr>
<tr>
<td>Other State Agencies, Reserves, Transfers</td>
<td>7,494,167</td>
</tr>
<tr>
<td>Capital Improvements</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Highway Fund Appropriations</strong></td>
<td>$ 2,048,690,000</td>
</tr>
</tbody>
</table>
HIGHWAY FUND AVAILABILITY STATEMENT

SECTION 3.2. Section 3.2 of S.L. 2015-241 is repealed. The Highway Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Fund Availability Statement FY 2016-2017

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreserved Fund Balance</td>
<td>$0</td>
</tr>
<tr>
<td>Estimated Revenue</td>
<td>2,048,910,000</td>
</tr>
<tr>
<td>Adjustment to Revenue Availability:</td>
<td></td>
</tr>
<tr>
<td>Vehicle Registration Fees (Permanent Plates)</td>
<td>(220,000)</td>
</tr>
</tbody>
</table>

Total Highway Fund Availability $2,048,690,000

Unappropriated Balance $0

PART IV. HIGHWAY TRUST FUND APPROPRIATIONS

CURRENT OPERATIONS/HIGHWAY TRUST FUND

SECTION 4.1. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are adjusted for the fiscal year ending June 30, 2017, according to the following schedule. Amounts set out in parentheses are reductions from Highway Trust Fund Appropriations for the 2016-2017 fiscal year.

Current Operations – Highway Trust Fund FY 2016-2017

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Administration</td>
<td>$0</td>
</tr>
<tr>
<td>Turnpike Authority</td>
<td>0</td>
</tr>
<tr>
<td>Transfer to Highway Fund</td>
<td>0</td>
</tr>
<tr>
<td>Debt Service</td>
<td>0</td>
</tr>
<tr>
<td>Strategic Prioritization Funding Plan for Transportation Investments</td>
<td>32,045,000</td>
</tr>
</tbody>
</table>

Total Highway Trust Fund Appropriations $1,371,280,000

HIGHWAY TRUST FUND AVAILABILITY STATEMENT

SECTION 4.2. Section 4.2 of S.L. 2015-241 is repealed. The Highway Trust Fund availability used in adjusting the 2016-2017 fiscal year budget is shown below:

Highway Trust Fund Availability Statement FY 2016-2017

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreserved Fund Balance</td>
<td>$0</td>
</tr>
<tr>
<td>Estimated Revenue</td>
<td>1,370,080,000</td>
</tr>
<tr>
<td>Adjustment to Revenue Availability:</td>
<td></td>
</tr>
<tr>
<td>Title Fees (Mercury Switch Removal)</td>
<td>1,200,000</td>
</tr>
</tbody>
</table>

Total Highway Trust Fund Availability $1,371,280,000

Unappropriated Balance $0

PART V. OTHER APPROPRIATIONS

EDUCATION LOTTERY FUNDS/NET REVENUE TRANSFERS

SECTION 5.1.(a) Section 5.2 of S.L. 2015-241 reads as rewritten:

"SECTION 5.2.(a) The appropriations made from the Education Lottery Fund for the 2015-2017 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noninstructional Support Personnel</td>
<td>$310,455,157</td>
<td>$314,950,485</td>
</tr>
<tr>
<td>Prekindergarten Program</td>
<td>78,252,110</td>
<td>78,252,110</td>
</tr>
<tr>
<td>Public School Building Capital Fund</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td>Scholarships for Needy Students</td>
<td>30,450,000</td>
<td>30,450,000</td>
</tr>
</tbody>
</table>

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“SECTION 5.2.(b) Notwithstanding G.S. 18C-164, the Office of State Budget and Management shall not transfer funds to the Education Lottery Reserve Fund for either year of the 2015-2017 fiscal biennium. G.S. 18C-164(b), the net revenues deposited in the Education Lottery Fund from the 2015-2016 fiscal year that are in excess of the amounts appropriated in subsection (a) of this section for the 2015-2016 fiscal year shall be transferred to the Lottery Reserve Fund.

"SECTION 5.1.(b) G.S. 18C-164(a) reads as rewritten:

§ 18C-164. Transfer of net revenues.
(a) The funds remaining in the North Carolina State Lottery Fund after receipt of all revenues to the Lottery Fund and after accrual of all obligations of the Commission for prizes and expenses shall be considered to be the net revenues of the North Carolina State Lottery Fund. The net revenues of the North Carolina State Lottery Fund shall be transferred at least four times a year to the Education Lottery Fund, which shall be created in the State treasury.

CIVIL PENALTY AND FORFEITURE FUND/REVISIONS

SECTION 5.2. Section 5.3(c) of S.L. 2015-241 reads as rewritten:

"SECTION 5.3.(c) The clear proceeds of the newly established motor vehicle registration late fee charged pursuant to G.S. 20-88.03, as enacted by this act, shall be used to provide a dedicated source of revenue for the drivers education program administered by the Department of Public Instruction in accordance with G.S. 115C-215 and shall be appropriated by the General Assembly for this purpose for the 2016-2017 and subsequent fiscal years thereafter."

PART VI. GENERAL PROVISIONS

ESTABLISHING OR INCREASING FEES

SECTION 6.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 6.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

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

BUDGET STABILITY AND CONTINUITY

SECTION 6.3.(a) G.S. 143C-5-4 reads as rewritten:

"§ 143C-5-4. Enactment deadline: procedures to be followed when the Current Operations Appropriations Act does not become law prior to the end of certain fiscal years.
(a) Enactment Deadline. – The General Assembly shall enact the Current Operations Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in which a Current Operations Appropriations Act is enacted.
(b) Procedure for Budget Continuation. – If a fiscal year begins for which no Current Operations Appropriations Act providing for current operations of State government during that fiscal year has become law, then the following procedures shall be followed and the following limitations shall apply:

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(1) Authority. – Unless otherwise provided by law, the Director of the Budget may continue to allocate funds from all funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures from those funds for the prior fiscal year. If the Director of the Budget finds that projected revenues for the fiscal year will not support expenditures at the level of recurring expenditures for the prior fiscal year, the Director of the Budget shall allot funds at a lower level. In making these allocations, the Director of the Budget shall ensure the prompt payment of the principal and interest on bonds and notes of the State according to their terms. Except as otherwise provided by this section, the limitations and directions on the expenditure of funds for the prior fiscal biennium shall remain in effect.

(2) Appropriation of funds necessary to implement. – There is appropriated from the appropriate State funds, cash balances, federal receipts, and departmental receipts sums sufficient to implement the authority described in this subsection for the applicable fiscal year.

(3) Relation to Current Operations Appropriations Act. – The appropriations and the authorizations to allocate and spend funds which are set out in this subsection shall remain in effect until the Current Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1 of the fiscal year.

(4) Vacant positions. – If both houses of the General Assembly have passed their respective versions of the Current Operations Appropriations Act on the third reading and ordered them sent to the other chamber, then vacant positions subject to proposed budget reductions in either or both versions of the bill shall not be filled.

(5) State employee salaries. – The salary schedules and specific salaries established for the prior fiscal year and in effect on June 30 of the prior fiscal year for offices and positions shall remain in effect until the Current Operations Appropriations Act for the current fiscal year becomes law. State employees subject to G.S. 7A-102(c), 7A-171.1, 20-187.3, or any other statutory salary schedule, shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly. State employees, including those exempt from the classification and compensation rules established by the State Human Resources Commission, shall not receive any automatic step increases, annual, performance, merit, bonuses, or other increments until authorized by the General Assembly.

(6) School Employee Salaries. – Public school employees paid on the teacher salary schedule, the school-based administrator salary schedule, or any other salary schedule established by State law shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

(7) State's employer contribution rate. – The State's employer contribution rates budgeted for retirement and related benefits for the current fiscal year shall remain the same as they are on June 30 of the prior fiscal year. These rates are effective until the Current Operations Appropriations Act for the current fiscal year becomes law and are subject to revision in that act. If that act modifies those rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the fiscal year so as to compensate for the
different amount contributed between July 1 and the date the Current Operations Appropriations Act becomes law so that the effective rates for the entire year reflect the rates set in the Current Operations Appropriations Act.

(8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or the Repairs and Renovations Reserve Account and the State Controller shall not transfer funds from the unreserved credit balance to the those accounts on June 30 of the prior fiscal year.

(9) Federal block grant funds and other grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded during the current fiscal year, including federal block grants, that are for less than two million five hundred thousand dollars ($2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds. State agencies may spend all other funds from grants awarded during the current fiscal year, including federal block grants, only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations, except that consultation with the Joint Legislative Commission on Governmental Operations shall not be required prior to an expenditure to respond to an emergency, as that term is defined in G.S. 166A-19.3(6). The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated and shall be incorporated into the authorized budget of the recipient State agency. Notwithstanding the provisions of this subdivision, no State agency may accept a grant if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds. Nothing in this subdivision shall be construed to prohibit or limit expenditures that are authorized under subdivision (1) of this subsection.

SECTION 6.3(b) This section is effective when it becomes law.

SECTION 6.25 OF S.L. 2015-241 IS APPLICABLE TO BOTH FISCAL YEARS

SECTION 6.4. Section 6.25 of S.L. 2015-241 reads as rewritten:

"SECTION 6.25.(a) Elimination of Certain Vacant Positions. – Notwithstanding G.S. 143C-6-4, and except as otherwise provided in subsection (c) of this section, for each fiscal year of the 2015-2017 fiscal biennium, each State agency, in conjunction with the Office of State Budget and Management, shall do all of the following:

(1) Abolish all positions that have been vacant for more than 12 months as of April 17, 2015, and as of April 17, 2016, other than those positions required to exist as part of the State's maintenance of effort requirements related to a federal grant that cannot be addressed with other State funds, or for which the Director of the Budget provides an exception, in the Director's sole discretion. This requirement shall apply regardless of the source of funding for affected positions.

(2) Fund objects or line items in the certified budget for recurring obligations that have been funded from nonrecurring sources in two or more of the
previous three fiscal years. The amount funded shall not exceed the average amount expended for each object or line item during the previous three fiscal years.

(3) Fund objects or line items in the following priority order if funds generated pursuant to subdivision (1) of this subsection are insufficient to adequately fund all of the objects and line items described in subdivision (2) of this subsection:
   a. Fund legal obligations of the agency that have been funded with lapsed salaries in prior years.
   b. Fund operational requirements directly related to the health, safety, or well-being of individuals in the care or custody of the State that have been funded with lapsed salaries in prior years.
   c. Fund legal obligations of the agency or operational requirements directly related to the health, safety, or well-being of individuals in the care or custody of the State that have been funded with other nonrecurring sources in prior years.
   d. Fund operational deficiencies where the obligation cannot be reduced and where no other source of funding exists and failure to fund will result in operational disruptions or unfunded liabilities at fiscal year-end.

(4) Adjust the appropriate objects or line items in the next recommended base budget submitted pursuant to G.S. 143C-3-5 to reflect the actions taken pursuant to this subsection.

"SECTION 6.25.(b) Reporting. – No later than December 1, 2015, and December 1, 2016, the Office of State Budget and Management shall report to the Fiscal Research Division on the implementation of this section. The report shall include all of the following, by budget code and fund code:
   (1) A list of positions abolished pursuant to subdivision (1) of subsection (a) of this section.
   (2) A list of positions that were exempted from being abolished pursuant to subdivision (1) of subsection (a) of this section.
   (3) A list of objects or line items funded pursuant to subdivision (2) of subsection (a) of this section and the associated amount for each object or line item.
   (4) The amount and disposition of savings from the Highway Fund, federal funds, and other non-State agency dedicated receipt sources.
   (5) A list of objects or line items that were not funded because the funds generated pursuant to subdivision (1) of this subsection were insufficient.

"SECTION 6.25.(c) Section Inapplicable to Certain Vacant Positions. – This section shall not apply to vacant positions (i) within the Department of Transportation or (ii) reclassified pursuant to Section 30.18(e) of this act.

EXEMPT GOLDEN L.E.A.F. FROM CERTAIN GRANT REQUIREMENTS

SECTION 6.6. G.S. 143C-9-3(a1) reads as rewritten:

"(a1) Each year, the sum of ten million dollars ($10,000,000) from the Settlement Reserve Fund is appropriated to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, and these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds credited to the Settlement Reserve Fund each fiscal year shall be transferred to the General Fund and included in General Fund availability as nontax revenue."
PART VII. DEPARTMENT OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY FUND ALLOCATIONS

SECTION 7.1. Section 7.1 of S.L. 2015-241 reads as rewritten:

"SECTION 7.1. The availability used to support appropriations made in this act from the Information Technology Fund established in G.S. 147-33.72H is as follows:

<table>
<thead>
<tr>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund Appropriation for IT Fund</strong></td>
<td><strong>$21,755,191</strong></td>
</tr>
</tbody>
</table>

Appropriations made from the Information Technology Fund for the 2015-2017 fiscal biennium as follows:

<table>
<thead>
<tr>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criminal Justice Information Network</td>
<td><strong>$193,085</strong></td>
</tr>
<tr>
<td>Center for Geographic Information and Analysis</td>
<td><strong>$503,810</strong></td>
</tr>
<tr>
<td>Enterprise Security Risk Management</td>
<td><strong>$871,497</strong></td>
</tr>
<tr>
<td>Staffing and Strategic Projects</td>
<td><strong>$7,873,903</strong></td>
</tr>
<tr>
<td>First Net (State Match)</td>
<td><strong>$140,000</strong></td>
</tr>
<tr>
<td>Enterprise Project Management Office</td>
<td><strong>$1,501,234</strong></td>
</tr>
<tr>
<td>IT Strategy and Standards</td>
<td><strong>$865,326</strong></td>
</tr>
<tr>
<td>State Portal</td>
<td><strong>$233,510</strong></td>
</tr>
<tr>
<td>Process Management</td>
<td><strong>$398,234</strong></td>
</tr>
<tr>
<td>IT Consolidation</td>
<td><strong>$9,101,255</strong></td>
</tr>
<tr>
<td>Government Data Analytics Center</td>
<td><strong>$10,061,255</strong></td>
</tr>
<tr>
<td>Compensation Reserve</td>
<td><strong>$73,337</strong></td>
</tr>
</tbody>
</table>

Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this section. Changes shall not result in any degradation to the information technology operations or projects listed in this section for which the funds were originally appropriated.

Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division."

INFORMATION TECHNOLOGY RESERVE ALLOCATIONS

SECTION 7.2. Section 7.3(a) of S.L. 2015-241, as amended by Section 2.1 of S.L. 2015-268, reads as rewritten:

"SECTION 7.3(a) The appropriations for the Information Technology Reserve Fund allocations for the 2015-2017 fiscal biennium are as follows:

<table>
<thead>
<tr>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Data Analytics Center</td>
<td><strong>$8,100,000</strong></td>
</tr>
<tr>
<td>Improve Efficiency and Customer Service through IT Modernization</td>
<td><strong>$8,127,991</strong></td>
</tr>
<tr>
<td>IT Restructuring</td>
<td><strong>$2,775,184</strong></td>
</tr>
<tr>
<td>Economic Modeling Initiative</td>
<td><strong>$500,000</strong></td>
</tr>
<tr>
<td>Maintenance Management System Replacement</td>
<td><strong>$173,180</strong></td>
</tr>
<tr>
<td>NC Connect</td>
<td><strong>$593,899</strong></td>
</tr>
<tr>
<td>E-Forms/Digital Signatures</td>
<td><strong>$762,115</strong></td>
</tr>
<tr>
<td>Law Enforcement Information Exchange</td>
<td><strong>$288,474</strong></td>
</tr>
</tbody>
</table>

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ESTABLISH GENERAL FUND BUDGET

SECTION 7.3.(a) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management shall establish a general fund budget for the Department of Information Technology in Budget Code 14660 for the purpose of establishing the Department's operating budget. The Department's general fund budget shall include Information Technology Fund fund codes (27xx) from Budget Code 24667. The Office of State Budget and Management shall also establish a reserve in Budget Code 14660 for the transfer of Information Technology Reserve appropriations. The changes authorized by this section shall be completed by September 30, 2016, but are effective from July 1, 2016, and shall be reflected in the base budget for the 2017-2019 fiscal biennium.

SECTION 7.3.(b) The general fund budget for the Department of Information Technology established pursuant to this section shall include nonrate-based information technology expenditures, as appropriate, from participating agencies and from exempt agencies that have elected to participate with the Department pursuant to Part 1 of Article 15 of Chapter 143B of the General Statutes prior to the submission of the Governor's proposed budget for the 2019-2021 fiscal biennium. Adjustments made pursuant to this requirement shall be made with consideration of the effect those changes may have on the State's ability to draw down federal receipts and utilize non-net appropriation funding sources for information technology projects.

SECTION 7.3.(c) It is the intent of the General Assembly to appropriate funds during the 2017 Regular Session for the Department of Information Technology internal service fund overhead costs upon removal of agency costs from the service rate structure, thereby eliminating the use of a subscription fee to agencies.

IT REPORTING CHANGES

SECTION 7.4.(a) G.S. 143B-1355(c) reads as rewritten: "§ 143B-1355. Award review.

... (c) The State CIO shall provide a report of all contract awards approved through the Statewide Procurement Office as indicated below. The report shall include the amount of the award, the contract term, the award recipient, the using agency, and a short description of the nature of the award, as follows:

(1) For contract awards greater than twenty-five thousand dollars ($25,000), to the cochairs of the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on a monthly basis as requested.

(2) For all contract awards outside the established purchasing system, to the Department of Administration, Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division on a quarterly basis on March 1 and September 1 of each year."

SECTION 7.4.(b) G.S. 143B-1360 reads as rewritten: "§ 143B-1360. Data on reliability and other issues; report.

The Department of Information Technology shall maintain data on equipment reliability, potential cost savings, and any issues associated with the refurbished computer equipment initiative and shall report the results of the initiative to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division by March 1, 2016, and then quarterly annually thereafter."

SECTION 7.4.(c) G.S. 143B-1344 reads as rewritten: "§ 143B-1344. Legacy applications.

Participating agency legacy applications shall be moved to the Department once a detailed plan is coordinated and in place for the successful transition of a specific application to the Department. The Department shall identify situations where multiple agencies are using legacy systems with similar capabilities and shall prepare plans to consolidate these systems. Initial identification of similar capabilities shall be reported to the Joint Legislative Oversight Committee.
Committee on Information Technology and the Fiscal Research Division by March 1, 2016. The initial report shall include a schedule for the consolidation. The report shall also include the costs for operating and maintaining the current systems, the estimated costs for an enterprise replacement system, and the operations and maintenance costs associated with an enterprise system.”

SECTION 7.4.(d) G.S. 143B-1333 reads as rewritten:

"§ 143B-1333. Internal Service Fund.

... (b) Receipts shall be used solely for the purpose for which they were collected. Any use of the Information Technology Internal Service Fund not specifically related to providing receipt-supported services to State agencies shall immediately be reported to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.

(c) Receipts shall be used solely for the purpose for which they were collected. In coordination with the Office of the State Controller and the Office of State Budget Management, the State CIO shall ensure processes are established to manage federal receipts, maximize those receipts, and ensure that federal receipts are correctly utilized. By September 1 of each year, the State CIO shall certify that federal receipts for participating agency information technology programs have been properly used during the previous State fiscal year.”

SECTION 7.4.(e) G.S. 143B-1334 is repealed.

SECTION 7.4.(f) Section 7.22(c) of S.L. 2015-241 reads as rewritten:

"SECTION 7.22.(c) Beginning January 1, 2016, and quarterly semiannually thereafter, the DIT, in conjunction with OSC and OSBM, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the status of the program. The report shall include all of the following:

..."

SECTION 7.4.(g) Section 7.24(b) of S.L. 2015-241 reads as rewritten:

"SECTION 7.24.(b) On or before March 1, 2016, the State CIO shall provide the completed plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division. On or before March 1, 2016, and then at least semiannually annually each January 1 for the duration of the 2015-2017 fiscal biennium, the State CIO shall provide progress reports regarding the establishment and use of the business Internet Web site to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division.”

SECTION 7.4.(h) G.S. 143B-1330(a)(2) reads as rewritten:

"§ 143B-1330. Planning and financing State information technology resources.

(a) The State CIO shall develop policies for agency information technology planning and financing. Agencies shall prepare and submit such plans as required in this section, as follows:

... (2) The State CIO shall develop a biennial State Information Technology Plan (Plan), including, but not limited to, the use of cloud-based utility computing for use by State agencies.”

USE OF CASH BALANCE FOR IT RATE CREDITS

SECTION 7.5. The Department of Information Technology shall use funds available in cash balance available in Fund Code 24667 as a credit to the following agencies for subscription fees, telephone rates, and computer rates billed to the agency for the Internal Service Fund for the 2016-2017 fiscal year:

(1) North Carolina Community Colleges System Office – $102,023
(2) Department of Public Instruction – $1,534,623
(3) The University of North Carolina:
   a. Appalachian State University – $19,725

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b. Elizabeth City State University – $389.00  
c. North Carolina A & T State University – $13,994  
d. North Carolina School of the Arts – $17,033  
e. Winston Salem State University – $26,382  
f. University of North Carolina at Asheville – $1,244  
g. University of North Carolina at Chapel Hill – $1,313  
h. University of North Carolina at Pembroke – $6,741  
i. University of North Carolina at Wilmington – $194.00  
j. Western Carolina University – $10,469  

(4) The Department of Administration – $190,187  
(5) The Department of Insurance – $26,504  
(6) The Department of Revenue – $972,197  
(7) General Assembly – $14,432  
(8) Office of State Budget and Management – $176,700  
(9) Office of Lieutenant Governor – $6,474  
(10) Office of Administrative Hearings – $38,405  
(11) Department of State Auditor – $20,832  
(12) Office of State Controller – $619,802  
(13) Department of Secretary of State – $4,346  
(14) State Board of Elections – $43,880  
(15) Department of State Treasurer – $6,491  
(16) Department of Health and Human Services – $559,461  
(17) Administrative Office of the Courts – $101,812  
(18) Department of Public Safety – $693,292  
(19) Department of Agriculture – $30,556  
(20) Department of Environmental Quality – $910,564  
(21) Department of Natural and Cultural Resources – $665,262  
(22) Industrial Commission – $232,000  
(23) Department of Labor – $300,000

INFORMATION TECHNOLOGY SPENDING TRANSPARENCY

SECTION 7.6.(a) All participating agencies, pursuant to Part 1 of Article 15 of Chapter 143B of the General Statutes, including all divisions, boards, commissions, and other State entities for which the participating agencies have budgetary authority, shall realign information technology budgets and expenditures within existing programs and divisions in a manner that provides transparency for information technology program, and division budgets. Changes shall be completed in a timely manner such that the changes may be included in the 2017-2019 biennial budget.

SECTION 7.6.(b) In conjunction with the budget realignment required by subsection (a) of this section, the OSBM shall submit a report that identifies the following:

(1) The line-item budgeted requirements for each State agency's information technology expenditures.
(2) Actual information technology expenditures for each State agency.
(3) The sources of funds transferred from other line items to cover information technology expenditures in excess of budgeted requirements.

OSBM shall submit this information, by agency, to the Fiscal Research Division along with its submission of the Governor's proposed budget for the 2017-2019 fiscal biennium.

APPRENTICESHIPS AND CAREER-BASED OPPORTUNITIES IN CYBERSECURITY FOR DISABLED VETERANS

SECTION 7.7.(a) The Department of Information Technology shall create a cybersecurity apprenticeship program to provide training, apprenticeships, and career-based opportunities for disabled veterans within the State. Opportunities may be offered to qualifying
veterans who have at least a ten percent (10%) disability rating as established by the Veterans Administration.

SECTION 7.7.(b) The State Chief Information Officer shall conduct a competitive process to select disabled veterans to participate in the cybersecurity apprenticeship program. Participants will have the opportunity to apply concepts, protocols, and tools acquired through the program by working side by side with experts in cybersecurity within the State of North Carolina.

SECTION 7.7.(c) Of the funds appropriated by this act for the support of the cybersecurity apprenticeship program, the Department of Information Technology shall select up to five disabled veterans to participate in the program. The Department may use funds generated from receipts for continuation or expansion of the program beyond the 2016-2017 fiscal year.

ADJUST IT BUDGETS AS NECESSARY DUE TO TRANSFER OF FUNCTIONS

SECTION 7.8.(a) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management, after coordination with the Department of Information Technology, the Department of Environmental Quality, the Department of Natural and Cultural Resources, and the Fiscal Research Division, may adjust information technology budgets, as appropriate, within the Department of Natural and Cultural Resources and the Department of Environmental Quality.

SECTION 7.8.(b) Notwithstanding G.S. 143C-6-4, the Office of State Budget and Management, after coordination with the Department of Information Technology, the Department of Military and Veterans Affairs, the Department of Administration, and the Fiscal Research Division, may adjust information technology budgets, as appropriate, within the Department of Military and Veterans Affairs and the Department of Administration.

SECTION 7.8.(c) All information technology budget adjustments authorized by this section shall be completed by December 1, 2016, and shall be reflected in the base budget for the 2017-2019 fiscal biennium. Adjustments may be made only for the information technology budgets of the Department of Environmental Quality and the Department of Natural and Cultural Resources, and the Department of Military and Veterans Affairs and the Department of Administration, respectively, for the purposes stated in this section.

SECTION 7.8.(d) The Office of State Budget and Management shall report any adjustments made pursuant to this section to the Joint Legislative Oversight Committee on Information Technology, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division on or before January 15, 2017.

DATA CENTER CONSOLIDATION EXEMPTION FOR CLOUD-BASED SOLUTIONS

SECTION 7.9. Section 7.9(b) of S.L. 2015-241 reads as rewritten:

"SECTION 7.9(b) State agencies shall use the State infrastructure to host their projects, services, data, and applications, except that the State Chief Information Officer may grant an exception if the State agency demonstrates any of the following:

(1) Using an outside contractor would be more cost effective for the State.
(2) The Department of Information Technology does not have the technical capabilities required to host the application.
(3) Valid security requirements preclude the use of State infrastructure, and a vendor can provide a more secure environment.

With the prior approval of the State Chief Information Officer, applications that are natively or commercially sold and delivered as cloud-based solutions are not subject to the requirements of this subsection."
ENTERPRISE RESOURCE PLANNING DESIGN AND IMPLEMENTATION

SECTION 7.10.(a) The Department of Information Technology, in coordination with the Office of the State Controller and the Office of State Budget and Management, shall conduct the planning and design of an enterprise resource planning system (ERP) for State agencies by utilizing business process reengineering to identify and organize processes and workflow in order to prioritize and link work activities to realize efficiencies and organize around outcomes. The ERP system shall address, at a minimum, core financial management, grants, assets and inventory, fleet management, and human resource management. A request for proposal for a replacement system implementation shall be prepared for release no later than July 1, 2017. The Department may use savings generated through efficiencies gained from transition of participating agencies to the Department and overall Department operations, including procurement, to fund the project.

SECTION 7.10.(b) The Department of Information Technology shall submit a report to the Joint Legislative Oversight Committee on Information Technology on or before January 15, 2017. The report shall identify results from the business process reengineering efforts for State agencies and shall include at least all of the following:

1. Proposed sequence of functional and site implementation.
2. A phased-in contracting plan with checkpoints to facilitate budgeting and program management.
3. The feasibility of a cloud-based component.
4. Cost estimate for full implementation.
5. Detailed information relating to project funding from the savings generated through efficiencies gained from agency transition and overall Department operations.

COMMUNITY COLLEGES SYSTEM ERP DESIGN AND IMPLEMENTATION

SECTION 7.10A.(a) The North Carolina Community Colleges System Office, in consultation with the Department of Information Technology, shall begin planning and design of a modernized ERP for the State's 58 community colleges. The ERP system shall address, at a minimum, student information system, core financial management, grants, human resource management, and payroll. The planning and design of the ERP system may include either a modernization of the current system or a replacement system. A request for proposal for a replacement system implementation shall be prepared for release no later than October 1, 2017. The North Carolina Community Colleges System Office may use funds from the North Carolina Community College IT Systems Budget Code 26802 to support planning and request for proposal development efforts; provided, that the total amount expended for the project does not exceed one million dollars ($1,000,000). To the extent that these funds have not been appropriated for the 2016-2017 fiscal year elsewhere, they are hereby appropriated.

SECTION 7.10A.(b) The North Carolina Community Colleges System Office shall submit a report to the Joint Legislative Oversight Committee on Information Technology on or before January 15, 2017. The report shall identify the results of the planning and design effort, including at least all of the following information:

1. Proposed sequence of functional and site implementation.
2. A phased-in contracting plan with checkpoints to facilitate budgeting and program management.
3. The feasibility of a cloud-based component.
4. Cost estimate for full implementation.

AGENCY EXEMPTIONS FROM DIT OVERSIGHT

SECTION 7.11.(a) G.S. 143B-1325 reads as rewritten:
"§ 143B-1325. Transition to Department of Information Technology.

(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition each of the participating agencies. As the transition plans are completed, the following participating agencies shall transfer information technology personnel, operations, projects, assets, and appropriate funding to the Department of Information Technology:

(1) Department of Natural and Cultural Resources.
(2) Department of Health and Human Services.
(3) Department of Revenue.
(4) Department of Environmental Quality.
(5) Department of Transportation.
(6) Department of Administration.
(7) Department of Commerce.
(8) Governor's Office.
(9) Office of State Budget and Management.
(10) Office of State Human Resources.
(11) Office of the State Controller.
(12) Department of Military and Veterans Affairs.
(13) Department of Public Safety, with the exception of the following:
   a. State Bureau of Investigation.
   b. State Highway Patrol.
   c. Division of Emergency Management.

The State CIO shall ensure that agencies' operations are not adversely impacted during the transition.

(d) Report on Transition Planning. – The Department of Public Safety, the Office of the Community College System Office, and the State Board of Elections shall work with the State CIO to plan their transition to the Department. By October 1, 2018, these agencies, in conjunction with the State CIO, shall report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on their respective transition plans.

..."

EXEMPT PUBLIC SAFETY DIVISIONS FROM ENTERPRISE ACTIVE DIRECTORY

SECTION 7.12. Section 7.25 of S.L. 2015-241 reads as rewritten:

"AGENCY USE OF ENTERPRISE ACTIVE DIRECTORY

"SECTION 7.25. On or before July 1, 2016, unless exempted by the Governor, all State agencies identified as principal departments under G.S. 143B-6 shall become direct members of and shall use the Enterprise Active Directory. A principal department may submit to the State Chief Information Officer a written request to deviate from certain requirements of the Enterprise Active Directory, provided that any deviation shall be consistent with available funding and shall be subject to any terms and conditions specified by the State Chief Information Officer.

"SECTION 7.25. Subsection (a) of this section shall not apply to the State Bureau of Investigation, the State Highway Patrol, or the Division of Emergency Management of the Department of Public Safety."

GOVERNMENTAL DATA ANALYTICS CENTER/LONGITUDINAL DATA SYSTEM BOARD

SECTION 7.14. Section 7.14 of S.L. 2015-241 reads as rewritten:

"SECTION 7.14. (a) G.S. 116E-1(1) reads as rewritten:

"(1) "Board" means the governing board of the North Carolina Longitudinal Data System."Center" means the Governmental Data Analytics Center as established in Part 8 of Article 15 of Chapter 143B of the General Statutes."

SECTION 7.14. (b) G.S. 116E-4 reads as rewritten:

(a) The Board.Center shall have the following powers and duties with respect to the System:

(4) Before the use of any individual data in the System, the Board.Center shall do the following:
    b. Develop and implement policies to comply with FERPA and any other privacy measures, as required by law or the Board.Center.

(9) Establish an advisory committee on data quality to advise the Board.Center on issues related to data auditing and tracking to ensure data validity.

(b) The Board.Center shall adopt rules according to Chapter 150B of the General Statutes as provided in G.S. 116E-6 to implement the provisions of this Article.

(c) The Board.Center shall report quarterly to the Joint Legislative Education Oversight Committee, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Oversight Committee on Information Technology beginning September 30, 2013. The report shall include the following:

(3) Any other recommendations made by the Board.Center, including the most effective and efficient configuration for the System.

SECTION 7.14.(c) G.S. 116E-6 reads as rewritten:

"§ 116E-6. Data sharing.

(a) Local school administrative units, charter schools, community colleges, constituent institutions of The University of North Carolina, and State agencies shall do all of the following:

(1) Comply with the data requirements and implementation schedule for the System as set forth by the Board.Center.

(2) Transfer student data and workforce data to the System in accordance with the data security and safeguarding plan developed by the Board.Center under G.S. 116E-5.

(b) Private colleges and universities, the North Carolina Independent Colleges and Universities, Inc., and nonpublic schools may transfer student data and workforce data to the System in accordance with the data security and safeguarding plan developed by the Board.Center under G.S. 116E-5.

SECTION 7.14.(d) G.S. 116E-3, 120-123(81), 143B-1321(a)(31), and 143B-1322(c)(21) are repealed.

PART VIII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 8.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand nine hundred eighty-five dollars ($3,985.53) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and one-half percent (12.5%) of its 2016-2017 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 8.2. Section 8.2 of S.L. 2015-241 reads as rewritten:
"SECTION 8.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred eighty dollars and seventy cents ($1,280.70) per child for fiscal year 2015-2016 and one thousand two hundred ninety-five dollars and twenty-seven cents ($1,295.27) per child for fiscal year 2016-2017. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2015-2016 allocated average daily membership for the 2015-2016 fiscal year and a maximum of four percent (4%) of its 2016-2017 allocated average daily membership for the 2016-2017 fiscal year, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children."

SMALL COUNTY SUPPLEMENTAL FUNDS ELIGIBILITY

SECTION 8.4. Section 8.4 of S.L. 2015-241 reads as rewritten: "SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING"

"SECTION 8.4.(b) Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the higher of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

"SECTION 8.4.(c) Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the higher of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

...."

DRIVERS EDUCATION PROGRAM FUNDS

SECTION 8.5. Section 8.39(h) of S.L. 2015-241 reads as rewritten: "SECTION 8.39,(h) Subsections (a), (b), and (c) of this section are effective July 1, 2016, and apply beginning with the 2016-2017 school year. Subsections (a), (b), and (c) of this section are repealed effective December 31, 2017. The remainder of this section is effective when this act becomes law."
TEACHER COMPENSATION MODELS AND ADVANCED TEACHING ROLES

SECTION 8.7.(a) Purpose. – The State Board of Education shall establish a three-year pilot program (pilot) to develop advanced teaching roles and organizational models that link teacher performance and professional growth to salary increases in selected local school administrative units for classroom teachers. For the purposes of this section, a classroom teacher is a teacher who works in the classroom providing instruction at least seventy percent (70%) of the instructional day and who is not instructional support personnel. The purpose of the pilot shall be to do the following:

1. Allow highly effective classroom teachers to teach an increased number of students by assuming accountability for additional students, by becoming a lead classroom teacher accountable for the student performance of all of the students taught by teachers on that lead classroom teacher's team, or by leading a larger effort in the school to implement new instructional models to improve school-wide performance.

2. Enable local school administrative units to provide salary supplements to classroom teachers in advanced teaching roles. Selection of an advanced teaching role classroom teacher and award of related salary supplements shall be made on the basis of demonstrated effectiveness and additional responsibilities.

3. Enable local school administrative units to create innovative compensation models that focus on classroom teacher professional growth and student outcomes.

4. Utilize local plans to establish organizational changes related to compensation in order to sustain evidenced-based teaching practices that have the capacity to be replicated throughout the State.

SECTION 8.7.(b) Request for Proposal. – By September 15, 2016, the State Board of Education shall issue a Request for Proposal (RFP) for the pilot. Local boards of education shall submit their proposals by October 15, 2016. The RFP shall require that proposals include the following information at a minimum:

1. Description of the program structure, including the process for teacher advancement based on performance, professional growth, or the specific teacher roles assumed by the teacher.

2. Descriptions of the advanced teaching roles, including minimum qualifications for the positions that must include at least one of the following:
   a. Advanced certifications, such as National Board for Professional Teaching Standards Certification, or a master's degree in the area in which the classroom teacher is licensed and teaching.
   b. A rating of at least accomplished on each of the Teacher Evaluation Standards 1-5 on the North Carolina Teacher Evaluation instrument or the equivalent on an out-of-state evaluation system.
   c. Evidence that the teacher has exceeded expected student growth based on three years of teacher evaluation data as calculated by the State Board of Education.
   d. Equivalent demonstrated mastery of teaching skills as required by the new local compensation model.

3. Job responsibilities that include at least one of the following:
   a. Teaching an increased number of students and being accountable for their performance as the teacher of record for those students.
   b. Becoming a lead classroom teacher among a group of teachers and being the teacher of record for all students taught by that group of teachers.
c. Leading a school-wide effort to implement data-driven instructional models that include blended learning environments, utilizing digital learning and resources, and focusing on methods of improvement for school-wide performance issues.

d. Completing training that certifies the teacher as an in-house provider of professional development or functioning as an instructional content area coach or a coach in another professional development area.

(4) Description of how the local school administrative unit will inform all employees and the public on the criteria and selection for the advanced teaching roles, the continued eligibility requirements for the advanced teaching roles, and how the individuals selected for the advanced teaching roles will be evaluated.

(5) Description of how the local school administrative unit will inform all employees and the public on the criteria for movement on the proposed new local compensation model.

(6) The process for the voluntary relinquishment of an advanced teaching role, including the associated additional duties. Voluntary relinquishment of the advanced teaching role shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.

(7) Salary supplement information including the following:

a. The amount of the salary supplements that will be provided to those selected for the advanced teaching roles. The supplements may be up to thirty percent (30%) of the State teacher salary schedule.

b. A statement by the local school administrative unit that the salary supplements will be paid as a supplement to the classroom teacher's regular salary and not be included in the average salary calculation used for budgeting State allotments.

c. A statement by the local school administrative unit that if a classroom teacher in an advanced teaching role (i) fails to maintain the minimum criteria established for the position, (ii) is not successfully performing the additional duties associated with the advanced teaching role, or (iii) voluntarily relinquishes the advanced teaching role, the teacher shall only be paid the salary applicable to that individual on the State teacher salary schedule and any other local supplements that would otherwise apply to the classroom teacher's compensation.

d. The amount of the salary supplements at all levels of the proposed new local school administrative unit compensation model in relation to the State teacher salary schedule.

(8) The implementation plan, including the number of schools in the local school administrative unit that will have advanced teaching roles and any new proposed compensation model, the number of advanced teaching roles at each of those schools, the number of students whose teacher of record will be a teacher in an advanced teaching role, and the number of teachers overall who would be eligible for the proposed new local school administrative unit compensation model.

(9) Plans for financial sustainability once any grant money that may be awarded to the local school administrative unit is no longer available.

SECTION 8.7.(c) Selection by State Board of Education. – By December 15, 2016, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to 10 local school administrative units as follows:
(1) Up to five local school administrative units with an average daily membership (ADM) equal to or less than 4,000.
(2) Up to three local school administrative units with an ADM of 4,001 to 20,000.
(3) Up to two local school administrative units with an ADM of 20,001 or more.

SECTION 8.7.(d) Pilot Implementation. – The selected local school administrative units shall implement their approved pilots beginning with the 2017-2018 school year and ending with the 2019-2020 school year. The local board of education for each selected pilot local school administrative unit shall provide any requested information and access to the independent research organization selected by the State Board of Education to evaluate the pilots pursuant to subsection (f) of this section.

SECTION 8.7.(e) Use of Grant Funds. – Funds awarded to local school administrative units shall be used for any of the following:

(1) Salary supplements for advanced teaching roles.
(2) Development of advanced teaching role plans.
(3) Development of professional development courses.
(4) Transition costs associated with designing and implementing advanced teaching role models in schools within the local school administrative unit. Transition costs may include employing staff members or contractors to assist with design and implementation of the pilot plan.
(5) Development of the design and implementation of compensation plans that focus on teacher professional growth and student outcomes and the transition costs associated with designing and implementing new compensation plans, including employing staff members or contractors to assist with design and implementation of the pilot plan.

SECTION 8.7.(f) Pilot Evaluation. – The State Board of Education shall contract with an independent research organization to evaluate how the advanced teaching roles and new compensation plan pilots have accomplished, at a minimum, the following:

(1) Improvement in the quality of classroom instruction and increases in school-wide growth.
(2) An increase in the attractiveness of teaching.
(3) Recognition, impact, and retention of high-quality classroom teachers.
(4) Assistance to and retention of beginning classroom teachers.
(5) Improvement in and expansion of the use of technology and digital learning.

The independent research organization shall report annually beginning October 15, 2017, until the conclusion of the pilot to the State Board on all aspects of the implementation and evaluation of the pilot. The independent research organization shall also evaluate, as part of the annual report, the existing Project LIFT, Inc., program in Charlotte-Mecklenburg Schools, and the proposed Project Advance in Chapel Hill-Carrboro City Schools, if that project is implemented. The State Board shall provide the annual report to the offices of the President Pro Tempore of the Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee.

SECTION 8.7.(g) Of the funds appropriated to the Department of Public Instruction by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced teaching roles, the Department may use up to two hundred thousand dollars ($200,000) for the State Board of Education to contract with an independent research organization for the pilot evaluations. Any remaining funds may be used to award funds to selected local school administrative units for the implementation of the pilots in accordance with this section. Funds appropriated to the Department of Public Instruction for the 2016-2017
fiscal year for the pilot shall not revert at the end of the fiscal year but shall remain available until expended.

SECTION 8.7.(h) It is the intent of the General Assembly to appropriate from the General Fund to the Department of Public Instruction for the 2017-2018 fiscal year the sum of nine million eight hundred thousand dollars ($9,800,000) for the award of funds to selected local school administrative units for the pilots in accordance with this section. Funds awarded to the local school administrative units shall be awarded in proportion to the current expenditure of the pilot local school administrative unit on teacher salaries.

SECTION 8.7.(i) Flexibility for Local School Administrative Units. – Notwithstanding G.S. 115C-301, local school administrative units receiving grants under this program may exceed the maximum class size requirements for kindergarten through third grade.

ADVANCED PLACEMENT/INTERNATIONAL BACCALAUREATE TEACHER BONUS PILOT PROGRAM

SECTION 8.8.(a) The State Board of Education shall establish the Advanced Placement/International Baccalaureate Pilot Program (pilot program) to reward advanced course teacher performance and to encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay for two school years to licensed teachers of advanced courses, beginning with data from the 2015-2016 school year, in accordance with the following:

(1) A bonus in the amount of fifty dollars ($50.00) for each student taught by an advanced course teacher in each advanced course who receives the following score:
   a. For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.
   b. For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.

(2) No teacher shall be awarded a bonus pursuant to this subsection that exceeds two thousand dollars ($2,000) in any given school year. The bonus awarded to a teacher pursuant to this subsection shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(3) For advanced course scores collected from the 2015-2016 school year and the 2016-2017 school year, bonuses awarded pursuant to this subsection are payable in January 2017 and January 2018, respectively, to qualifying advanced course teachers who remain employed teaching advanced courses in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

SECTION 8.8.(b) For the purposes of this section, an “advanced course” shall mean an Advanced Placement or International Baccalaureate Diploma Programme course.

SECTION 8.8.(c) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers’ and State Employees’ Retirement System.

SECTION 8.8.(d) The State Board of Education shall report on and study the pilot program as follows:

(1) The State Board shall report on the amount of bonuses awarded to advanced course teachers, including the amount awarded for Advanced Placement courses and the amount awarded for International Baccalaureate Diploma Programme courses, to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division by March 15, 2017, and again by March 15, 2018.
(2) The State Board shall study the effect of the pilot program on advanced course teacher performance and retention. The State Board shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 15, 2018.

SECTION 8.8.(e) For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the pilot program.

SECTION 8.8.(f) This section expires June 30, 2018.

INDUSTRY CERTIFICATIONS AND CREDENTIALS TEACHER BONUS PILOT PROGRAM

SECTION 8.9.(a) The State Board of Education, in collaboration with the Department of Commerce, shall establish the Industry Certifications and Credentials Teacher Bonus Pilot Program (pilot program) to reward the performance of teachers who teach students earning approved industry certifications or credentials consistent with G.S. 115C-156.2 and to encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay for two school years to teachers who teach students earning approved industry certifications or credentials, beginning with data from the 2015-2016 school year, in accordance with the following:

(1) For teachers who provide direct instruction to students, bonuses shall be provided in the following amounts:
   a. A bonus in the amount of twenty-five dollars ($25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five-dollar ($25.00) value ranking as determined under subdivision (3) of this subsection.
   b. A bonus in the amount of fifty dollars ($50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty-dollar ($50.00) value ranking as determined under subdivision (3) of this subsection.

(2) No teacher shall be awarded a bonus pursuant to this subsection that exceeds two thousand dollars ($2,000) in any given school year. The bonus awarded to a teacher pursuant to this subsection shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive.

(3) The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subdivision. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:
   a. Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.
   b. Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

(4) For data on courses leading to student attainment of industry certifications and credentials collected from the 2015-2016 school year and the 2016-2017 school year, bonuses awarded pursuant to this subsection are payable in
January 2017 and January 2018, respectively, to qualifying teachers who remain employed teaching students earning approved industry certifications or credentials in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

**SECTION 8.9.(b)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers’ and State Employees’ Retirement System.

**SECTION 8.9.(c)** The State Board of Education shall report on and study the pilot program as follows:

1. The State Board shall report on the amount of bonuses awarded to teachers who teach students earning approved industry certifications or credentials and the type of industry certifications and credentials earned by their students to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division by March 15, 2017, and again by March 15, 2018.

2. The State Board shall study the effect of the pilot program on teacher performance and retention. The State Board shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee by March 15, 2018.

**SECTION 8.9.(d)** For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the base budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the pilot program.

**SECTION 8.9.(e)** This section expires June 30, 2018.

**CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

**SECTION 8.11.** Beginning with the 2016-2017 school year and for subsequent school years thereafter, notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54, Alamance-Burlington Early College, Alexander Early College, Cabarrus Early College of Technology, Camden Early College, Chatham County School of Science and Engineering, City of Medicine Cooperative Innovative High School, Gaston Early College High School, Hillside New Tech Cooperative Innovative High School, Johnston County Career and Technical Academy, Northampton County New Tech Early College, Person Early College for Innovation and Leadership, Stanly County School of Engineering and Design, and Wayne School of Engineering at Goldsboro High School shall be permitted to operate in accordance with G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

**REPORT FOR SCHOOLS FOR STUDENTS WITH VISUAL AND HEARING IMPAIRMENTS/FOREIGN EXCHANGE STUDENTS**

**SECTION 8.12.(a)** Article 9C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-150.15. Reporting to residential schools on deaf and blind children.

(a) Request for Consent. – Local superintendents shall require that the following request for written consent be presented to parents, guardians, or custodians of any hearing impaired or visually impaired children no later than October 1 of each school year: "North Carolina provides three public residential schools serving visually and hearing impaired students: the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. Do you consent to the release of your child’s contact information and information regarding your child and her or his impairment to those schools so that you can receive more information on services offered by those campuses?"
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§ 115C-150.14. Tuition and room and board.

(a) Only children who are residents of North Carolina are entitled to free tuition and room and board at a school governed by this Article.

(b) A school governed by this Article may enroll a foreign exchange student and shall charge the student the full, unsubsidized per capita cost of providing education at the school for the period of the student's attendance. A school that seeks to enroll foreign exchange students under this section shall submit a plan prior to enrolling any of those students to the State Board of Education for approval, including the proposed costs to be charged to the students for attendance and information on compliance with federal law requirements. For the purposes of this section, a foreign exchange student is a student who is domiciled in a foreign country and has come to the United States on a valid, eligible student visa.

(c) Notwithstanding subsection (b) of this section, foreign exchange students who have obtained the status of nonimmigrants pursuant to the Immigration and Nationality Act, 8 U.S.C. § 1101(a)(15)(F) may only be enrolled in a school governed by this Article in grades nine through twelve for a maximum of 12 months at the school.

SECTION 8.12.(c) This section applies beginning with the 2016-2017 school year.

Local superintendents shall present the consent form to parents, guardians, or custodians of any hearing impaired or visually impaired children required by subsection (a) of this section by October 1, 2016, and shall make the first report required under subsection (a) of this section no later than November 30, 2016.

VIRTUAL CHARTER SCHOOL CHANGES

SECTION 8.13.(a) Section 8.35(c) of S.L. 2014-100 reads as rewritten:

"SECTION 8.35. In addition to the operating requirements applicable to a virtual charter school participating in the pilot program pursuant to Part 6A of Article 16 of Chapter 115C of the General Statutes, the following requirements shall apply to a participating virtual charter school:

(1) The school shall maintain an administrative office within North Carolina. In addition, the school shall maintain at least one testing center or meeting place within each of the eight State Board of Education districts where the participating students reside, to allow educators and administrators from the school to meet students and parents. When utilizing the testing center or meeting place for test administration, the school is permitted to do the following:

(a) Administer tests to multiple grade levels at the same time and location."
h. Contract with a test administrator who is not employed by the board of directors of the school and meets the following criteria:
   1. Holds a valid North Carolina educator license.
   2. Passes a criminal history check as defined in G.S. 115C-332(a)(1) performed by the school.
   3. Is trained on test administration in accordance with the North Carolina Testing Program.

(2) If the school contracts with a third party for the provision of administrative staff, such staff fulfilling the equivalent positions of superintendent, principal, or business officer shall be residents of North Carolina.

(3) All teaching staff shall carry the appropriate State certification to instruct any course and shall receive professional development in virtual instruction pursuant to the school's application to the State Board of Education to participate in the pilot program within 30 days of the employee's date of hire. At least ninety percent (90%) of the teaching staff shall reside within North Carolina.

(4) The school shall have a withdrawal rate below twenty-five percent (25%). A student who meets any of the following criteria shall not be counted in measuring the school's withdrawal rate:
   a. A student enrolled in a school with the intent expressed prior to enrollment of only being enrolled for a finite period of time within the school year shall not be counted in the measured withdrawal rate. The school shall keep a written record of a student's stated intent for finite enrollment.
   b. A student who is withdrawn from the school pursuant to subdivision (3) of subsection (b) of this section.
   c. A student who is no longer qualified under the laws of this State for admission to a public school in North Carolina, including due to the student relocating to another state.
   d. A student who (i) withdraws from the school for a family, personal, or medical reason and (ii) notifies the school of the reason for withdrawal. The school shall keep a written record of a student's stated reason for withdrawal under this sub-subdivision.
   e. A student who withdraws from the school within the first 30 days following the date of the student's enrollment.

(4a) A count of school attendance shall be taken at least once during each semester for funding purposes.

(5) The school shall ensure that each student is assigned a learning coach. The learning coach shall provide (i) daily support and supervision of students, (ii) ensure student participation in online lessons, and (iii) coordinate teacher-led instructional sessions and State assessments."

SECTION 8.13.(b) This section applies beginning with the 2016-2017 school year.

SCHOOL BUSINESS SYSTEM MODERNIZATION
SECTION 8.15.(a) The State Board of Education shall collaborate with the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute) to develop a plan to modernize the systems used by the Department of Public Instruction, Financial and Business Services Division, to manage and deliver funds and technical support services to local school administrative units and charter schools. This process shall include modernization of the Division's systems for student information management, financial and payroll information, human resources information, and capital and repairs and renovations planning information.
SECTION 8.15.(b) By May 15, 2017, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on the plan developed in accordance with this section for modernization of the systems used by the Financial and Business Services Division. The plan shall include the scope of work necessary to procure and transition the systems, an estimate of the costs of modernization of the systems, and a time line for implementation.

SECTION 8.15.(c) By October 1, 2017, the Department of Public Instruction, in collaboration with the Friday Institute, local school administrative units, and charter schools, shall issue a Request for Proposal to outside vendors and entities for implementation of the plan.

INTERNATIONAL EXCHANGE TEACHER FUNDS

SECTION 8.16. G.S. 115C-105.25(b)(5a) reads as rewritten:
"(5a) Positions allocated for classroom teachers may be converted to dollar equivalents to contract for visiting international exchange teachers through a visiting international exchange teacher program approved by the State. These positions shall be converted at the statewide average salary for classroom teachers, including benefits. The converted funds shall be used only to provide visiting international exchange teachers with salaries commensurate with their experience levels, to provide any State-approved bonuses, and to cover the costs associated with bringing supporting visiting international exchange teachers to within the local school administrative unit through a State-approved visiting international exchange teacher program and supporting the visiting exchange teachers within the local school administrative unit, including programming and related activities, background checks, medical coverage, and other program administration services in accordance with the federal regulations for the Exchange Visitor Program, 22 C.F.R. Part 62."
PILOT PROGRAM TO RAISE THE HIGH SCHOOL DROPOUT AGE FROM SIXTEEN TO EIGHTEEN

SECTION 8.21.(a) Notwithstanding any provisions in Part 1 of Article 26 of Chapter 115C of the General Statutes, G.S. 7B-1501(27), 115C-238.66(3), 116-235(b)(2), and 143B-805(20) to the contrary, the State Board of Education shall authorize the Hickory Public Schools, the Newton-Conover City Schools, and the Rutherford County Schools to establish and implement a pilot program pursuant to this section to increase the high school dropout age from 16 years of age to the completion of the school year coinciding with the calendar year in which a student reaches 18 years of age, unless the student has previously graduated from high school. The pilot program may be implemented beginning with the 2016-2017 school year and may continue for subsequent school years following the end of the 2015-2017 fiscal biennium.

SECTION 8.21.(b) For the purposes of implementing the pilot program authorized by this section, a local school administrative unit that is participating in the pilot program shall have the authority to provide that, if the principal or the principal's designee determines that a student's parent, guardian, or custodian, or a student who is 18 years of age, has not made a good-faith effort to comply with the compulsory attendance requirements of the pilot program, the principal shall notify the district attorney and, if the student is less than 18 years of age, the director of social services of the county where the student resides. If the principal or the principal's designee determines that a parent, guardian, or custodian of a student less than 18 years of age has made a good-faith effort to comply with the law, the principal may file a complaint with the juvenile court counselor pursuant to Chapter 7B of the General Statutes that the student is habitually absent from school without a valid excuse. Upon receiving notification by the principal or the principal's designee, the director of social services shall determine whether to undertake an investigation under G.S. 7B-302.

SECTION 8.21.(c) The local boards of education of the participating local school administrative units shall prescribe specific rules to address under what circumstances a student who is 18 years of age who is required to attend school as part of the pilot program shall be excused from attendance, including if the student has attained a high school equivalency certificate or a student has enlisted as a member of the Armed Forces.

SECTION 8.21.(d) For the purposes of implementing the pilot program authorized by this section, any (i) parent, guardian, or other person having charge or control of a student enrolled in a school located within a participating local school administrative unit and (ii) student who is 18 years of age enrolled in a school located within a participating local school administrative unit who violates the compulsory attendance provisions of the pilot program without a lawful exception recognized under Part 1 of Article 26 of Chapter 115C of the General Statutes or the provisions of this section shall be guilty of a Class 1 misdemeanor.

SECTION 8.21.(e) If an affidavit is made by the student, parent of the student, or by any other person that any student who is required to attend school under the requirements of the pilot program is not able to attend school by reason of necessity to work or labor for the support of himself or herself or the support of the family, then the school social worker of the applicable school located within the participating school administrative unit shall diligently inquire into the matter and bring it to the attention of an appropriate court, depending on the age of the student. The court shall proceed to find whether as a matter of fact the student is unable to attend school or such parents, or persons standing in loco parentis, are unable to send the student to school for the term of compulsory attendance for the reasons given. If the court finds, after careful investigation, that the student or the parents have made or are making a bona fide effort to comply with the compulsory attendance law, and by reason of illness, lack of earning capacity, or any other cause which the court may deem valid and sufficient, the student is unable to attend school, then the court shall find and state what help is needed for the student or family to enable compliance with the attendance requirements under the pilot program.

SECTION 8.21.(f) Each local school administrative unit may use any funds available to it to implement the pilot program in accordance with this section to (i) employ up

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to three additional teachers and (ii) fund additional student-related costs, such as transportation and technology costs, including additional computers, to serve a greater number of students as a result of the pilot program. Each local school administrative unit may also use any funds available to it to operate a night school program for students at risk of dropping out of high school. For Hickory Public Schools and Newton-Conover City Schools, to the extent possible, the local school administrative units shall partner with Catawba Valley Community College in administering the pilot program. For Rutherford County Schools, to the extent possible, the local school administrative unit shall partner with Isothermal Community College in administering the pilot program.

SECTION 8.21.(g) The local school administrative units, in collaboration with the State Board of Education, shall report to the Joint Legislative Education Oversight Committee, the House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education/Higher Education by January 15, 2018, and by January 15 of each even-numbered year thereafter until the end of the operation of the pilot programs. The report shall include at least all of the following information:

1. An analysis of the graduation rate in each local school administrative unit and the impact of the pilot program on the graduation rate.
2. The teen crime statistics for Catawba County and for Rutherford County.
3. The number of reported cases of violations of compulsory attendance laws in Catawba County and Rutherford County and the disposition of those cases.
4. Implementation of enforcement mechanisms for violations of the compulsory attendance requirements of the pilot program, including the imposition of criminal penalties.
5. The number of at-risk students served in any night programs established as part of the pilot program and student graduation and performance outcomes for those students.
6. All relevant data to assist in determining the effectiveness of the program and specific legislative recommendations, including the continuation, modification, or expansion of the program statewide.

SECTION 8.21.(h) The State Board of Education shall not authorize a pilot program under subsection (a) of this section in Catawba County except upon receipt of a copy of a joint resolution adopted by the boards of education for the Hickory Public Schools and the Newton-Conover City Schools setting forth a date to begin establishment and implementation of the pilot program. The State Board of Education shall not authorize a pilot program under subsection (a) of this section in Rutherford County except upon receipt of a resolution adopted by the board of education for the Rutherford County Schools setting forth a date to begin establishment and implementation of the pilot program.

DIGITAL LEARNING PLAN FUNDS

SECTION 8.23. The State Board of Education shall collaborate with the Friday Institute for Educational Innovation at North Carolina State University to continue the progress in implementing the Digital Learning Plan in North Carolina public schools by doing at least the following:

1. Coordinate the implementation of professional learning programs that support teachers and school administrators in transitioning to digital-age learning.
2. Manage statewide cooperative purchasing of content, including statewide shared resources for teachers to use for lesson planning and formative student assessments.
3. Develop infrastructure maintenance and support protocols.
4. Modify and update State policies to provide the support and flexibility necessary for local digital learning innovation.
5. Develop and maintain a continuous improvement process.
(6) Create assessments for technological and pedagogic skills and identify best practices from those assessments.

**LOCAL BOARD REPORT ON SCHOOL START AND RELEASE TIMES**

**SECTION 8.24.(a)** G.S. 115C-84.2 is amended by adding a new subsection to read:

"(a1) Report on School Start and Release Times. – As part of the reporting requirements under the Uniform Education Reporting System pursuant to G.S. 115C-12(18), each local board of education shall report to the State Board of Education on the start time and release time for each school under control of the local board of education. For the purposes of this subsection, "start time" shall mean the time of day when academic classes begin for the majority of students enrolled in the school, and "release time" shall mean the time of day when academic classes end for the majority of students enrolled in the school. Each local board of education shall also identify and include additional information in the report regarding any schools that have a start time or release time that does not conform to the definitions set forth in this subsection."

**SECTION 8.24.(b)** By October 1, 2016, each local board of education shall submit an initial report to the State Board of Education as required by G.S. 115C-84.2(a1), as enacted by this section, that includes information on the start times and release times for the 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, and 2016-2017 school years.

**AFTER SCHOOL QUALITY IMPROVEMENT COMPETITIVE GRANT FUNDS FOR THIRD YEAR FOR CERTAIN RECIPIENTS**

**SECTION 8.25.** Section 8.29(a) of S.L. 2015-241 reads as rewritten:

"SECTION 8.29.(a) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2015-2017 fiscal biennium, the State Board of Education shall use up to six million dollars ($6,000,000) for the 2015-2016 fiscal year and up to six million dollars ($6,000,000) three million two hundred fifteen thousand three hundred seventy-one dollars ($3,215,371) for the 2016-2017 fiscal year for the After-School Quality Improvement Grant Program administered by the Department of Public Instruction. Notwithstanding any other provision of this section, the Department may use these funds to provide a second-year or a third-year grant to grant recipients approved under the After-School Quality Improvement Grant Program pursuant to Section 8.19 of S.L. 2014-100. The Department shall award third-year grants for the 2016-2017 fiscal year with any of the funds remaining after awarding second-year grants to recipients approved under this section. From the funds available, a third-year grant recipient shall be awarded a proportional share of funds based upon the amount of the second-year grant awarded to the recipient in the prior fiscal year. Of the funds appropriated for the program, the Department of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the program."

**ALTERNATIVE TEACHER PREPARATION**

**SECTION 8.27.(a)** Purpose. – The State Board of Education shall establish a Request for Proposal (RFP) for up to five local alternative teacher preparation programs (LATP programs) administered by local boards of education to prepare, support, and recommend initially licensed lateral entry teachers for continuing licensure.

**SECTION 8.27.(b)** Request for Proposal. – By September 15, 2016, the State Board of Education shall issue the RFP to local boards of education. The RFP shall include the following criteria:

1. Program of study requirements. – At a minimum, the LATP program shall provide 150 contact hours of appropriate pedagogy and content for continued licensure in the initially licensed teacher's area of licensure that is comparable to the quality of instruction required for a traditional teacher preparation program, as provided in G.S. 115C-296.10. Local boards of
education shall include evidence of relevant partnerships with institutions of higher education, including community colleges, private two-year colleges, and public or private colleges or universities.

(2) Mentoring and support requirements. – At a minimum, the LATP program shall provide 150 contact hours with mentor teachers, classroom coaching, and periodic evaluations with timely feedback to each individual in the program over the initially licensed teacher's first year of employment.

(3) Minimum program size. – The LATP program shall be administrated by a local board of education with a minimum student population of 20,000 or higher or by a coalition of local boards of education that together have a minimum student population of 20,000 or higher.

Local boards of education shall submit their proposals to the State Board by January 6, 2017. Proposals may be submitted by individual local boards of education or by coalitions of multiple local boards of education. Proposals shall contain detailed information on the estimated costs, including a cost per teacher participant and anticipated funding sources for operation of the program.

SECTION 8.27.(c) Selection by State Board of Education. – By March 15, 2017, the State Board of Education shall review the proposals submitted by local boards of education and shall select up to five proposals for approval based on program quality, viability, and use of evidence-based principles in program design.

SECTION 8.27.(d) Program Implementation. – The selected LATP programs shall be implemented beginning with the 2017-2018 school year and ending with the 2021-2022 school year. The local board or boards of education for each selected LATP program shall provide any requested information and access to the independent research organization selected by the State Board of Education to evaluate the programs pursuant to subsection (f) of this section.

SECTION 8.27.(e) Program Continuation. – The selected LATP programs shall meet the following annual benchmark standards:

1. A program shall have a completion rate of no less than seventy percent (70%) of initial enrollees.
2. A program shall provide the minimum contact hour requirements and other program elements contained in the proposal approved by the State Board of Education.
3. A program shall demonstrate an increase in retention of lateral entry teachers over the previous year's retention rate.
4. A program shall be fully financed by the local board of education, based on the per teacher cost estimate contained in the proposal approved by the State Board. Funding may be through public or private funds, as available.

A program that fails to meet any of the benchmark standards shall be terminated by the State Board and shall not be continued in the following school year.

SECTION 8.27.(f) LATP Program Evaluation. – The State Board of Education shall contract with an independent research organization to evaluate how the LATP programs have accomplished, at a minimum, the following:

1. Recruitment of lateral entry teachers into the classroom.
2. Retention rates for lateral entry teachers beyond initial licensure.
3. Quality of classroom instruction by lateral entry teachers prepared through the LATP program as compared to those prepared by traditional teacher education programs as demonstrated by multiple measures, including student performance.
4. Teacher vacancy rates in local school administrative units participating in the LATP program as compared to similarly situated local school administrative units.
(5) Funding mechanisms used to support the LATP program, including sources and stability of funding.

(6) Recommendations regarding the continuation, expansion, or elimination of LATP programs.

The independent research organization shall report annually to the State Board beginning October 15, 2017, on the progress of local boards of education in implementing the LATP programs. The independent research organization shall submit an initial report no later than October 15, 2020, to the State Board on the implementation and evaluation of the LATP programs and shall submit a final report no later than October 15, 2022, to the State Board on all aspects of the implementation and evaluation of the LATP programs. The State Board shall provide the report to the Joint Legislative Education Oversight Committee by December 15, 2020, and by December 15 of each year thereafter through 2022.

SECTION 8.27.(g) Issuance of Licenses. – The Department of Public Instruction shall issue a license to all individuals who (i) successfully complete LATP programs, (ii) are recommended by the local board of education, and (iii) otherwise meet licensure requirements.

SECTION 8.27.(h) Credit for Work Successfully Completed. – If an initially licensed lateral entry teacher leaves a local board of education with a LATP program before completing the program and is hired to teach by another local board of education in the State, that teacher shall receive credit for any work successfully completed as part of the program.

SECTION 8.27.(i) Use of Funds. – Of the funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs, the Department may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the State Board of Education to contract with the independent research organization as required by this section. Any remaining funds shall be used to award one-year grants to each LATP program selected under subsection (c) of this section for the purposes of implementing the program. Each selected LATP program shall be awarded a proportional amount of the funds available.

TEACHER ASSISTANT TUITION REIMBURSEMENT PILOT PROGRAM

SECTION 8.29.(a) Purpose. – The purpose of this section is to establish a pilot program for the local boards of education of the Anson County, Franklin County, Moore County, Richmond County, and Scotland County school administrative units to provide tuition assistance awards to part-time or full-time teacher assistants working in those local school administrative units to pursue a college degree that will result in teacher licensure. Tuition assistance awards under the program may be provided for part-time or full-time coursework. A local board of education may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours. A teacher assistant receiving an award under the program shall fulfill the student teaching requirements of an educator preparation program by working in the teacher assistant's employing local school administrative unit.

SECTION 8.29.(b) Selection of applicants. – Each local board of education participating in the pilot program may select up to five teacher assistants to receive an award of up to four thousand five hundred dollars ($4,500) per academic year for a period of up to four years to be used towards the cost of tuition and fees for a teacher assistant to attend an accredited institution of higher education. Priority for awards shall be given to a teacher assistant who received a tuition assistance award for the previous academic year and who is making satisfactory academic progress towards achieving teacher licensure. The local board of education shall set criteria for the application and selection of teacher assistants to receive tuition assistance awards that includes at least the following:

(1) The teacher assistant shall be employed by the local board of education in the local school administrative unit.

(2) The teacher assistant shall be enrolled or provide a statement of intent to enroll in an accredited institution of higher education in North Carolina with
an educator preparation program approved by the State Board of Education to pursue teacher licensure.

(3) The teacher assistant shall be a resident of North Carolina. For purposes of this subdivision, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1.

SECTION 8.29.(c) Endorsement of tuition assistance awards for recipients. – Each local board of education participating in the pilot program shall enter into a memorandum of understanding with the institution of higher education in which a recipient of a tuition assistance award under this program is enrolled that includes procedures for at least the following:

(1) Remittance of the award from the local board of education to the institution of higher education.

(2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.

(3) Return of a pro rata share of funds to the local board of education in the event a recipient (i) withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.

SECTION 8.29.(d) The local boards of education participating in the pilot program shall jointly report to the Joint Legislative Education Oversight Committee by September 1, 2017, and by September 1 of each year thereafter on the results of the pilot program, including at least the following information:

(1) The number and amount of funds in tuition assistance awards provided to teacher assistants.

(2) The number of teacher assistant recipients who achieved teacher licensure, including the period of time from the issue of an initial tuition assistance award to the time of achieving licensure.

(3) The number of recipients who remained employed in the local school administrative unit after achieving teacher licensure.

USE OF DEPARTMENT OF PUBLIC INSTRUCTION BUDGET REDUCTIONS

SECTION 8.30. Section 8.37 of S.L. 2015-241 is amended by adding a new subsection to read:

"SECTION 8.37.(c) In implementing budget reductions for the 2016-2017 fiscal year, the Department of Public Instruction shall do all of the following:

(1) In addition to the prohibition on a reduction to funding and positions for the items listed in subsection (b) of this section, the Department shall make no transfers from or reduction to funding or positions for the following:
   a. The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
   b. The North Carolina School Connectivity Program.

(2) The Department shall transfer the sum of fifty thousand dollars ($50,000) to the Office of Administrative Hearings to be allocated to the Rules Review Commission, created by G.S. 143B-30.1, to pay for any litigation costs incurred in the defense of North Carolina State Board of Education v. The State of North Carolina and The Rules Review Commission, Wake County Superior Court, File No. 14 CVS 14791 (filed November 7, 2014). These funds shall not revert at the end of the 2016-2017 fiscal year but shall remain available during the 2017-2018 fiscal year for expenditure in accordance with the provisions of this subdivision."
REMEDIATION PLAN FOR PRINCIPALS IN LOW-PERFORMING SCHOOLS

SECTION 8.31.(a) G.S. 115C-105.39(a) reads as rewritten:

"(a) Within 30 days of the initial identification of a school as low-performing, whether by the local school administrative unit under G.S. 115C-105.37(a1) or low-performing by the State Board under G.S. 115C-105.37(a), the superintendent shall take one of the following actions concerning the school's principal: (i) recommend to the local board that the principal be retained in the same position, (ii) recommend to the local board that the principal be retained in the same position and a plan of remediation should be developed, (iii) recommend to the local board that the principal be transferred, or (iv) proceed under G.S. 115C-325.4 to dismiss or demote the principal. The principal may be retained in the same position without a plan for remediation only if the principal was in that position for no more than two years before the school is identified as low-performing. The superintendent may only recommend a principal be retained in the same position without a plan for remediation if the principal has been at the school for less than two years or, in the case of a principal having been at the school for two years or more, if the school has both met student growth and has improved student achievement scores under G.S. 115C-83.15 for the prior school year. The principal shall not be transferred to another principal position unless (i) it is in a school classification in which the principal previously demonstrated at least 2 years of success, (ii) there is a plan to evaluate and provide remediation to the principal for at least one year following the transfer to assure the principal does not impede student performance at the school to which the principal is being transferred; and (iii) the parents of the students at the school to which the principal is being transferred are notified. The principal shall not be transferred to another low-performing school in the local school administrative unit. If the superintendent intends to recommend demotion or dismissal, the superintendent shall notify the local board. Within 15 days of (i) receiving notification that the superintendent intends to proceed under G.S. 115C-325.4 or (ii) its decision concerning the superintendent's recommendation, but no later than September 30, the local board shall submit to the State Board a written notice of the action taken and the basis for that action. If the State Board does not assign an assistance team to that school or if the State Board assigns an assistance team to that school and the superintendent proceeds under G.S. 115C-325.4 to dismiss or demote the principal, then the State Board shall take no further action. If the State Board assigns an assistance team to the school and the superintendent is not proceeding under G.S. 115C-325.4 to dismiss or demote the principal, then the State Board shall vote to accept, reject, or modify the local board's recommendations. The State Board shall notify the local board of its action within five days. If the State Board rejects or modifies the local board's recommendations and does not recommend dismissal of the principal, the State Board's notification shall include recommended action concerning the principal's assignment or terms of employment. Upon receipt of the State Board's notification, the local board shall implement the State Board's recommended action concerning the principal's assignment or terms of employment unless the local board asks the State Board to reconsider that recommendation. The State Board shall provide an opportunity for the local board to be heard before the State Board acts on the local board's request for a reconsideration. The State Board shall vote to affirm or modify its original recommended action and shall notify the local board of its action within five days. Upon receipt of the State Board's notification, the local board shall implement the State Board's final recommended action concerning the principal's assignment or terms of employment. If the State Board rejects or modifies the local board's action and recommends dismissal of the principal, the State Board shall proceed under G.S. 115C-325.12."

SECTION 8.31.(b) This section applies beginning with the 2016-2017 school year.

SCHOOL NOTIFICATION REQUIREMENTS/TEACHER EMPLOYMENT/LICENSURE CHANGES AND BEGINNING TEACHER SUPPORT

SECTION 8.32.(a) State Board of Education Survey Notification. – G.S. 115C-12 is amended by adding a new subdivision to read:
“(45) To provide notification of student and parent surveys. – The State Board of Education shall provide written notification to the General Assembly in accordance with G.S. 120-29.5 of its intent to conduct any mandatory student or parent surveys in individual local school administrative units or on a statewide basis, including a copy of the proposed survey. The Department of Public Instruction shall also notify a superintendent of any plan to conduct a student or parent survey in the local school administrative unit. The superintendent shall be given a reasonable amount of time following notification to contact the Department with feedback on the survey prior to the survey being conducted in the local school administrative unit.”

SECTION 8.32.(b) Notification/Report on Testing Programs. – G.S. 115C-174.12 reads as rewritten:


(c) Local boards of education shall cooperate with the State Board of Education in implementing the provisions of this Article, including the regulations and policies established by the State Board of Education. Local school administrative units shall use the annual tests to fulfill the purposes set out in this Article. Local school administrative units are encouraged to continue to develop local testing programs designed to diagnose student needs.

(d) By September 1 of each year, each local board of education shall notify the State Board of Education of any local testing to be administered to students by the local school administrative unit in its schools and the calendar for administering those tests. The local board of education shall include information on the source of funds supporting the local testing program.

(e) By October 15 of each year, the State Board of Education shall submit a report to the Joint Legislative Education Oversight Committee containing information regarding the statewide administration of the testing program, including the number and type of tests and the testing schedule, and a summary of any local testing programs reported by local boards of education to the State Board of Education in accordance with subsection (d) of this section.

SECTION 8.32.(c) Employment of Career and Technical Education Personnel. – Article 10 of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-157.1 Adjunct CTE instructors.

(a) Adjunct Hiring Criteria. – The State Board of Education shall develop minimum criteria of relevant education or employment experience to qualify to contract as an adjunct instructor in each career and technical education career cluster and shall make such criteria available to local boards of education.

(b) Contracting with Adjunct Instructors. – Notwithstanding Article 20 and Part 3 of Article 22 of this Chapter, a local board of education may contract with an individual to serve as an adjunct instructor who meets the adjunct hiring criteria established by the State Board of Education for a specific career and technical education career cluster. The local board of education may contract with an adjunct instructor on an annual or semester basis, subject to the following requirements:

(1) An adjunct instructor may be employed for no more than 10 hours per week.

(2) An adjunct instructor shall be subject to a criminal history check, to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

(3) An adjunct instructor shall not be required to hold or apply for licensure as a teacher.

(4) An adjunct instructor must complete preservice training in all of the following areas prior to beginning instruction:

a. The identification and education of children with disabilities.

b. Positive management of student behavior.

c. Effective communication for defusing and deescalating disruptive or dangerous behavior.
d. Safe and appropriate use of seclusion and restraint."

SECTION 8.32.(d) Continuing Teacher Licensure Standards. – G.S. 115C-296(b)(1)b. reads as rewritten:
"b. The State Board of Education, in consultation with the Board of Governors of The University of North Carolina, shall evaluate and develop enhanced requirements for continuing licensure. The new requirements shall reflect more rigorous standards for continuing licensure and shall be aligned with high-quality professional development programs that reflect State priorities for improving student achievement. Standards for continuing licensure shall include the following:

... 4. For all teachers employed by a local board of education, evidence of a rating of at least proficient on the most recent annual evaluation to maintain the current license status. A teacher who is unable to satisfy this requirement but has been placed on a mandatory improvement plan may be eligible to receive an initial degree license if that teacher satisfies all other licensure requirements."

SECTION 8.32.(e) Out-of-State Licensure Applications. – G.S. 115C-296(b)(1) is amended by adding a new sub-subdivision to read:
"d. Initial applications from an applicant with an out-of-state license shall require the applicant to provide evidence of that teacher's effectiveness, when available, as measured by the evaluation system used in that applicant's state of current licensure at the time of application, including any growth measures included in that evaluation system. Applications that include the evidence of that teacher's effectiveness shall be prioritized for review over initial applications from applicants with out-of-state licenses that do not include that information. An individual who does not include evidence of that teacher's effectiveness with the initial application shall only be eligible for an initial degree license."

SECTION 8.32.(f) Mentor Teacher Requirements. – G.S. 115C-296(e) reads as rewritten:
"(e) The State Board of Education shall develop a mentor program to provide ongoing support for teachers entering the profession. In developing the mentor program, the State Board shall conduct a comprehensive study of the needs of new teachers and how those needs can be met through an orientation and mentor support program. For the purpose of helping local boards to support new teachers, the State Board shall develop and distribute guidelines which address optimum teaching load, extracurricular duties, student assignment, and other working condition considerations. These guidelines shall provide that initially licensed teachers not be assigned extracurricular activities unless they request the assignments in writing and that other noninstructional duties of these teachers be minimized. The State Board shall develop and coordinate a mentor teacher training program. The State Board shall develop criteria for selecting excellent, experienced, and qualified teachers to be participants in the mentor teacher program, including requiring that mentor teachers have been rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation System and have met expectations for student growth."

SECTION 8.32.(g) Field Experience for Educator Preparation Programs. – G.S. 115C-296.11(b)(4) reads as rewritten:
"(4) Educator preparation programs shall require, in all programs leading to initial licensure, field experiences in every semester that include organized and sequenced engagement of students in settings that provide them with
opportunities to observe, practice, and demonstrate knowledge and skills. 
The experiences shall be systematically designed and sequenced to increase 
the complexity and levels of engagement with which students apply, reflect 
upon, and expand their knowledge and skills and to increase in each 
semester prior to the student's residency or internship the number of hours 
spent in field experiences. All programs shall include a field experience in a 
low-performing school for at least one semester.

SECTION 8.32.(h) Beginning Teacher Evaluations in Low-Performing Schools. – 
G.S. 115C-333(a) reads as rewritten:

"(a) Annual Evaluations; Low-Performing Schools. – Local school administrative units 
shall evaluate at least once each year all licensed employees assigned to a school that has been 
identified as low-performing. The evaluation shall occur early enough during the school year 
to provide adequate time for the development and implementation of a mandatory improvement 
plan if one is recommended under subsection (b) of this section. If the employee is a teacher 
with career status as defined under G.S. 115C-325(a)(6), or a teacher as defined under 
G.S. 115C-325.1(6), either the principal, the assistant principal who supervises the teacher, or 
an assistance team assigned under G.S. 115C-105.38 shall conduct the evaluation. If the 
employee is a school administrator as defined under G.S. 115C-287.1(a)(3), either the 
superintendent or the superintendent's designee shall conduct the evaluation. 
All teachers in low-performing schools who have been employed for less than three 
consecutive years shall be observed at least three times annually by the principal or the 
principal's designee and at least once annually by a teacher and shall be evaluated at least once 
annually by a principal. All teachers in low-performing schools who have been licensed as a 
teacher for less than two years shall be observed at least three times annually by the principal or 
the principal's designee, at least once annually by a teacher, and at least once annually by a 
principal, and at least two of those observations shall be conducted in the first semester of the 
school year, and if practicable, at least one of those observations shall be conducted within the 
first grading period of the school year. This section shall not be construed to limit the duties 
and authority of an assistance team assigned to a low-performing school under 
G.S. 115C-105.38. 
A local board shall use the performance standards and criteria adopted by the State Board 
and may adopt additional evaluation criteria and standards. All other provisions of this section 
shall apply if a local board uses an evaluation other than one adopted by the State Board."

SECTION 8.32.(i) Beginning Teacher Evaluations in All Other Schools. – 
G.S. 115C-333.1(a) reads as rewritten:

"(a) Annual Evaluations. – All teachers who are assigned to schools that are not 
designated as low-performing and who have not been employed for at least three consecutive 
years shall be observed at least three times annually by the principal or the principal's designee 
and at least once annually by a teacher and shall be evaluated at least once annually by a 
principal. All teachers who are assigned to schools that are not designated as low-performing 
and who have been licensed as a teacher for less than two years shall be observed at least three 
times annually by the principal or the principal's designee, at least once annually by a teacher, 
and at least once annually by a principal, and at least two of those observations shall be 
conducted in the first semester of the school year, and if practicable, at least one of those 
observations shall be conducted within the first grading period of the school year. All teachers 
with career status or on a four-year contract who are assigned to schools that are not designated 
as low-performing shall be evaluated annually unless a local board adopts rules that allow 
teachers with career status or on a four-year contract to be evaluated more or less frequently, 
provided that such rules are not inconsistent with State or federal requirements. Local boards 
also may adopt rules requiring the annual evaluation of nonlicensed employees. A local board 
shall use the performance standards and criteria adopted by the State Board and may adopt 
additional evaluation criteria and standards. All other provisions of this section shall apply if a 
local board uses an evaluation other than one adopted by the State Board."
SECTION 8.32.(j) This section is effective the date this act becomes law. Subsections (d) and (e) of this section apply to applications submitted on or after that date. The remainder of this section applies beginning with the 2016-2017 school year.

K-3 CLASS SIZE ALLOTMENT RATIOS

SECTION 8.33.(a) G.S. 115C-301(c) reads as rewritten:
"(c) Maximum Class Size for Kindergarten Through Third Grade. – The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade shall be as follows:

(1) For kindergarten, one teacher per 18 students.
(2) For first grade, one teacher per 16 students.
(3) For second grade, one teacher per 17 students.
(4) For third grade, one teacher per 17 students.

In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement."

SECTION 8.33.(b) Notwithstanding G.S. 115C-301, as amended by this section, and any other provision of law, for the 2016-2017 school year, class size requirements in kindergarten through third grade shall remain unchanged. The class size requirements set forth in G.S. 115C-301 shall apply beginning with the 2017-2018 school year.

PART IX. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 9.1.(a) The following monthly teacher salary schedule shall apply for the 2016-2017 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2016-2017 Teacher Monthly Salary Schedule

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<tr>
<th>Years of Experience</th>
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SECTION 9.1.(b) Salary Supplements for Teachers Paid on This Salary Schedule.
(1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.

(2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

(3) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.

(4) Licensed teachers with licensure 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 supplement provided to them as "M" teachers.

(5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.

SECTION 9.1.(c) The first step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be equivalent to the sixth step of the "A" salary schedule. These employees shall receive a salary supplement each month of ten percent (10%) of their monthly salary and are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.

SECTION 9.1.(d) The twenty-sixth step of the salary schedule for (i) school psychologists, (ii) school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and (iii) school audiologists who are licensed as audiologists at the master's degree level or higher shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 9.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 9.1.(f) A teacher compensated in accordance with this salary schedule for the 2016-2017 school year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable school year.

(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
   a. The teacher's salary provided in Section 35.11 of S.L. 2013-360.
   b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
   c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary and annual bonus provided in Section 9.1 of S.L. 2014-100.

SECTION 9.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 9.1.(h) Section 9.1 of S.L. 2015-241 is repealed.

SECTION 9.1.(i) It is the intent of the General Assembly to implement the following base monthly teacher salary schedule for the 2018-2019 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule will be based on years of teaching experience.
### 2018-2019 Teacher Monthly Salary Schedule

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<thead>
<tr>
<th>Years of Experience</th>
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</table>

### SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

**SECTION 9.2.(a)** The following base salary schedule for school-based administrators shall apply only to principals and assistant principals. This base salary schedule shall apply for the 2016-2017 fiscal year commencing July 1, 2016.

#### 2016-2017 Principal and Assistant Principal Salary Schedules

<table>
<thead>
<tr>
<th>Classification</th>
<th>Assistant Principal</th>
<th>Prin I (0-10)</th>
<th>Prin II (11-21)</th>
<th>Prin III (22-32)</th>
<th>Prin IV (33-43)</th>
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<tbody>
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343
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<th>Prin VI (55-65)</th>
<th>Prin VII (66-100)</th>
<th>Prin VIII (101+)</th>
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</tr>
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</table>

**SECTION 9.2.(b)** The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools and in cooperative innovative high schools, shall be determined in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Classification</th>
<th>Number of Teachers Supervised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Principal</td>
<td></td>
</tr>
<tr>
<td>Principal I</td>
<td>Fewer than 11 Teachers</td>
</tr>
<tr>
<td>Principal II</td>
<td>11-21 Teachers</td>
</tr>
<tr>
<td>Principal III</td>
<td>22-32 Teachers</td>
</tr>
<tr>
<td>Principal IV</td>
<td>33-43 Teachers</td>
</tr>
<tr>
<td>Principal V</td>
<td>44-54 Teachers</td>
</tr>
<tr>
<td>Principal VI</td>
<td>55-65 Teachers</td>
</tr>
</tbody>
</table>
The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools and in cooperative innovative high school programs shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION 9.2.(c) A principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools and an additional step for every three years of experience serving as a principal on or before June 30, 2009. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION 9.2.(d) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 9.2.(e) Longevity pay for principals and assistant principals shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 9.2.(f) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subsection applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger.

SECTION 9.2.(g) Participants in an approved full-time master's in-school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. The stipend shall not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. The Principal Fellows Program or the school of education where the intern participates in a full-time master's in-school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 9.2.(h) During the 2016-2017 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

SECTION 9.2.(i) Section 9.2 of S.L. 2015-241 is repealed.

NO PAY LOSS FOR BREAK IN SERVICE OR FOR TEACHERS WHO BECOME PRINCIPALS

SECTION 9.3.(a) G.S. 115C-285(a) reads as rewritten:
(a) Principals and supervisors shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All principals and supervisors employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as state-allotted principals and supervisors are paid.

Principals and supervisors paid from State funds shall be paid as follows:

(8) A teacher who becomes an assistant principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit.

(8a) A teacher who becomes a principal shall be paid on a monthly basis, at least as much as he or she would earn as a teacher employed by that local school administrative unit.

(9) An assistant principal who becomes a principal without a break in service shall be paid, on a monthly basis, at least as much as he or she would earn as an assistant principal employed by that local school administrative unit."

SECTION 9.3.(b) Subsection (a) of this section shall not be construed to modify the compensation of persons initially employed as principals or assistant principals prior to July 1, 2016, for work performed prior to July 1, 2016.

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY

SECTION 9.4.(a) There is established the Joint Legislative Study Committee on School-Based Administrator Pay (Committee). The Committee shall consist of three members of the Senate appointed by the President Pro Tempore of the Senate and three members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the Committee from among its membership. The Committee and the terms of the members shall expire when the Committee submits a final report to the General Assembly. Members shall serve at the pleasure of the appointing officer.

SECTION 9.4.(b) The Committee shall study and make recommendations on the following:

(1) The feasibility of revising the school-based administrator salary schedule, including principal and assistant principal pay, and whether revisions are needed.

(2) The process of recruiting and retaining principals in North Carolina as compared with the process of recruiting and retaining executives in other professions.

(3) Strategies for recruiting and retaining the most qualified principals in low-performing and hard-to-staff schools.

(4) Any other issue the Committee considers relevant to this study.

SECTION 9.4.(c) The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 9.4.(d) The Legislative Services Officers shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the
House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support staff to the Committee.

**SECTION 9.4.(e)** The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before December 31, 2016, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first.

**CENTRAL OFFICE SALARIES**

**SECTION 9.5.(a)** The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by one and one-half percent (1.50%) annually as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2016-2017 Range</th>
<th>2017-2018 Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Administrator I</td>
<td>$3,442 - $6,418</td>
<td>$3,473 - $6,496</td>
</tr>
<tr>
<td>School Administrator II</td>
<td>$3,646 - $6,805</td>
<td>$3,674 - $6,830</td>
</tr>
<tr>
<td>School Administrator III</td>
<td>$3,868 - $7,217</td>
<td>$3,901 - $7,250</td>
</tr>
<tr>
<td>School Administrator IV</td>
<td>$4,021 - $7,502</td>
<td>$4,053 - $7,546</td>
</tr>
<tr>
<td>School Administrator V</td>
<td>$4,182 - $7,804</td>
<td>$4,215 - $7,847</td>
</tr>
<tr>
<td>School Administrator VI</td>
<td>$4,434 - $8,273</td>
<td>$4,468 - $8,318</td>
</tr>
<tr>
<td>School Administrator VII</td>
<td>$4,610 - $8,605</td>
<td>$4,644 - $8,649</td>
</tr>
</tbody>
</table>

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

**SECTION 9.5.(b)** The monthly salary ranges that follow apply to public school superintendents for the 2016-2017 fiscal year, beginning July 1, 2016, and shall be increased by one and one-half percent (1.50%) annually as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>2016-2017 Range</th>
<th>2017-2018 Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Superintendent I</td>
<td>$4,891 - $9,126</td>
<td>$4,934 - $9,166</td>
</tr>
<tr>
<td>Superintendent II</td>
<td>$5,190 - $9,675</td>
<td>$5,232 - $9,719</td>
</tr>
<tr>
<td>Superintendent III</td>
<td>$5,503 - $10,261</td>
<td>$5,545 - $10,309</td>
</tr>
<tr>
<td>Superintendent IV</td>
<td>$5,838 - $10,882</td>
<td>$5,880 - $10,924</td>
</tr>
<tr>
<td>Superintendent V</td>
<td>$6,194 - $11,543</td>
<td>$6,236 - $11,589</td>
</tr>
</tbody>
</table>

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

**SECTION 9.5.(c)** Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

**SECTION 9.5.(d)** Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers 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 under this section.
SECTION 9.5.(e) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 9.5.(f) Section 9.3 of S.L. 2015-241 is repealed.

NONCERTIFIED PERSONNEL SALARIES

SECTION 9.6.(a) The annual salary increase for permanent, full-time noncertified public school employees whose salaries are supported from the State's General Fund shall be one and one-half percent (1.50%), commencing July 1, 2016.

SECTION 9.6.(b) Local boards of education shall increase the rates of pay for such employees who were employed for all or part of fiscal year 2015-2016 and who continue their employment for fiscal year 2016-2017 by providing an annual salary increase for employees of one and one-half percent (1.50%). For part-time employees, the pay increase shall be pro rata based on the number of hours worked.

SECTION 9.6.(c) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of one and one-half percent (1.50%) for the 2016-2017 fiscal year.

SECTION 9.6.(d) Section 9.4 of S.L. 2015-241 is repealed.

THIRD GRADE READING TEACHER PERFORMANCE PILOT PROGRAM

SECTION 9.7.(a) The State Board of Education shall establish the Third Grade Reading Teacher Performance Pilot Program to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to licensed third grade teachers who have an Education Value-Added Assessment System (EVAAS) student growth index score for third grade reading from the previous school year, beginning with the data from the 2015-2016 school year, as follows:

(1) Of the funds appropriated for this program, five million dollars ($5,000,000) shall be allocated for bonuses to licensed third grade teachers who are in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous year. These funds shall be allocated equally among qualifying teachers.

(2) Of the funds appropriated for this program, five million dollars ($5,000,000) shall be allocated to pay bonuses to licensed third grade teachers who are in the top twenty-five percent (25%) of teachers in their respective local school administrative units according to the EVAAS student growth index score for third grade reading from the previous year. These funds shall be split proportionally based on average daily membership for each local school administrative unit and then distributed equally among qualifying teachers in each local school administrative unit, subject to the following conditions:
   a. Teachers employed in charter schools and regional schools are not eligible to receive a bonus under this subdivision.
   b. Any teacher working in a local school administrative unit that employs three or fewer third grade teachers shall receive a bonus under this subdivision if that teacher has an EVAAS student growth index score for third grade reading from the previous school year that exceeds expected growth.

(3) For EVAAS student growth index score data collected during the 2015-2016 school year and the 2016-2017 school year, bonuses awarded pursuant to subdivisions (1) and (2) of this subsection are payable in January of 2017 and January of 2018, respectively, to qualifying third grade teachers who
remain employed teaching third grade in the same local school administrative unit at least from the school year the data is collected until the corresponding school year that the bonus is paid.

(4) A teacher who is eligible to receive a bonus under both subdivisions (1) and (2) of this subsection shall receive both bonuses.

SECTION 9.7.(b) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 9.7.(c) The State Board of Education shall report on and study the Third Grade Reading Teacher Performance Pilot Program (Program) as follows:

(1) The State Board of Education shall report on the distribution of statewide bonuses as among local school administrative units and the distribution of bonuses within local school administrative units as among individual schools to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division on March 1, 2017, and again on March 1, 2018.

(2) The State Board of Education shall study the effect of the Program on teacher performance and retention. The State Board of Education shall report the results of its findings to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee no later than March 1, 2018.

SECTION 9.7.(d) For the 2017-2018 fiscal year only, the Director of the Budget shall also include in the Base Budget, as defined by G.S. 143C-1-1(d)(1c), the amount of nonrecurring funds needed to support the Program.

SECTION 9.7.(e) This section expires June 30, 2018.

PART X. COMMUNITY COLLEGES

UPDATE PERFORMANCE MEASURES

SECTION 10.1. G.S. 115D-31.3 reads as rewritten:

"§ 115D-31.3. Institutional performance accountability.

(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the following eight performance measures:

(1) Progress of basic skills students.
(2) Attainment of adult high school equivalency diplomas by students.
(3) Performance of students who transfer to a four-year institution.
(3a) Success rate of students in credit-bearing English courses.
(3b) Success rate of students in credit-bearing Math courses.
(4) Success of developmental students in subsequent college-level English courses.
(5) Success of developmental students in subsequent college-level math courses.
(5a) Progress of first-year curriculum students.
(6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(7) Curriculum student retention and graduation.
(8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
(9) Attainment of licensure and certifications by students.

The State Board may also evaluate each college on additional performance measures.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the eight measures set out in subsection (e) of this section (i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

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The Community Colleges System Office shall publish the performance of all colleges on all eight measures.

(g) Recognition of Successful Institutional Performance. – For the purpose of recognition of successful institutional performance, the State Board of Community Colleges shall evaluate each college on the eight performance measures set out in subsection (e) of this section. Subject to the availability of funds, the State Board may allocate funds among colleges based on the evaluation of each institution's performance, including at least the following components:

1. Program quality evaluated by determining a college's rate of student success on each measure as compared to a systemwide performance baseline and goal.

2. Program impact on student outcomes evaluated by the number of students succeeding on each measure.

CLARIFY USE OF CAREER COACH FUNDS

SECTION 10.2. Section 10.14(c) of S.L. 2015-241 reads as rewritten:

"SECTION 10.14.(c) The funds appropriated under this act to the Community Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC Works Career Coach Program shall only be used for (i) salary and benefits for career coaches and (ii) up to two percent (2%) of the direct operating costs related to supporting NC Works Career Coaches."

YOUTH APPRENTICESHIP TUITION WAIVER

SECTION 10.3.(a) G.S. 115D-5(b) reads as rewritten:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

16. Courses provided to students who are participating in an apprenticeship program that meets all of the following criteria:
   a. Is a registered apprenticeship program recognized by the United States Department of Labor.
   b. Has a documented plan of study with courses relating to a job-specific occupational or technical skill.
   c. Requires the participants in the program to be high school students when entering the program.

The State Board of Community Colleges shall not waive tuition and registration fees for other individuals."

SECTION 10.3.(b) This section applies beginning with the 2016 fall academic term.

TUITION WAIVER/FIREFIGHTERS AND EMS PERSONNEL ON MILITARY INSTALLATIONS

SECTION 10.4.(a) G.S. 115D-5(b) is amended by adding a new subdivision to read:

"(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from
institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Community Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds. The State Board of Community Colleges may provide by general and uniform regulations for waiver of tuition and registration fees for the following:

(2a) Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty station is located on a military installation within North Carolina for courses that support their organizations' training needs and are approved for this purpose by the State Board of Community Colleges.

The State Board of Community Colleges shall not waive tuition and registration fees for other individuals."

SECTION 10.4.(b) G.S. 115D-39(a1) reads as rewritten:

"(a1) In addition, federal law enforcement officers, firefighters, EMS personnel, and rescue and lifesaving personnel whose permanent duty station is within North Carolina and who do not otherwise qualify for tuition waivers under G.S. 115D-5(b)(2a) shall also be eligible for the State resident community college tuition rate for courses that support their organizations' training needs and are approved for this purpose by the State Board of Community Colleges."

SECTION 10.4.(c) This section applies beginning with the 2016 fall academic term.

CLARIFY CAREER- AND COLLEGE-READY GRADUATE PROGRAM

SECTION 10.5. Section 10.13 of S.L. 2015-241 reads as rewritten:

"CAREER- AND COLLEGE-READY GRADUATES

"SECTION 10.13.(a) The State Board of Community Colleges, in consultation with the State Board of Education, shall develop a program for implementation beginning with model programs in the 2016-2017 school year that introduces the college developmental mathematics and developmental reading and English curriculums in the high school senior year and provides opportunities for college remediation for students prior to high school graduation through cooperation with community college partners. The program shall be fully implemented in all high schools statewide beginning with the 2018-2019 school year. Students who are enrolled in the Occupational Course of Study to receive their high school diplomas shall not be required to participate in the program or be required to take mandatory remedial courses as provided for in this section, unless a parent specifically requests through the individualized education program (IEP) process that the student participates. The program shall require the following:

(1) Establishment by the State Board of Community Colleges of measures for determining student readiness and preparation for college coursework by using ACT scores, student grade point averages, or other measures currently used by the State Board of Community Colleges to determine college readiness for entering students.

(2) Changes in curriculum, policy, and rules as needed by the State Board of Community Colleges and State Board of Education to make remedial courses mandatory for students who do not meet readiness indicators by their junior year to ensure college readiness prior to high school graduation. These changes shall include the flexibility for students to fulfill senior mathematics and English graduation requirements through enrollment in mandatory remedial courses or to enroll in those courses as electives.

(3) High schools to use curriculum approved by the State Board of Community Colleges, in consultation with the State Board of Education.
(4) Determinations by the State Board of Community Colleges on the following:
   a. Appropriate measures of successful completion of the remedial courses to ensure students are prepared for coursework at a North Carolina community college without need for further remediation in mathematics or reading and English.
   b. The length of time following high school graduation in which a student who successfully completed high school remedial courses will not be required to enroll in developmental courses at a North Carolina community college.

(5) Delivery of remedial courses by high school faculty consistent with policies adopted by the State Board of Community Colleges and the State Board of Education. The policies shall include, at a minimum, the following requirements:
   a. High school faculty teaching the approved remedial courses must successfully complete training requirements as determined by the State Board of Community Colleges, in consultation with the State Board of Education.
   b. The North Carolina Community College System shall provide oversight of the remedial courses to ensure appropriate instructional delivery.

"SECTION 10.13.(b) The State Board of Community Colleges and the State Board of Education shall report on progress of implementation of the program statewide, including the requirements in subsection (a) of this section, to the Joint Legislative Education Oversight Committee no later than March 15, 2016. The State Board of Community Colleges and the State Board of Education shall jointly report to the Joint Legislative Education Oversight Committee as follows:

(1) No later than March 15, 2017, on the outcomes of model programs implemented in the 2016-2017 school year and suggested statutory changes to ensure successful implementation of the program statewide.
(2) No later than March 15, 2018, on implementation and professional development efforts in the 2017-2018 school year and information on final changes in curriculum, policy, and rules to ensure successful implementation of the program statewide in the 2018-2019 school year.
(3) No later than October 15, 2019, and annually thereafter, on program outcomes, including impact on remediation rates in both mathematics and reading and English for recent high school graduates entering a North Carolina community college or constituent institution of The University of North Carolina."

CONNECT NC BOND ADMINISTRATION

SECTION 10.6. Of the funds appropriated in this act to the Community Colleges System Office, the sum of one hundred ninety-one thousand seven hundred thirty-five dollars ($191,735) in recurring funds for the 2016-2017 fiscal year shall be used only to support review of Connect NC bond project requests and to ensure compliance with capital improvement regulations and processes. Positions created during the 2016-2017 fiscal year for the purpose of supporting review of Connect NC bond project requests and ensuring compliance shall be used only for that purpose, and those positions shall be eliminated as soon as administration of the Connect NC bond is complete.

DELAY PROPERTY TRANSFER TO CLEVELAND COMMUNITY COLLEGE

SECTION 10.7.(a) Section 1 of S.L. 2012-177 reads as rewritten:

"SECTION 1. The State of North Carolina shall convey to the Board of Trustees of Cleveland Community College, for consideration of one dollar ($1.00), all its right, title, and
interest in the property used for the former Cleveland County Correctional Facility, more particularly described as that portion of Parcel 22252 Cleveland County, deed reference Book 4F, Page 064, consisting of approximately 13.25 acres currently allocated to the Department of Public Safety, Division of Adult Corrections, SPO File No. 23-008. The conveyance is subject to a reversionary interest reserved by the State. The property shall be conveyed to the Board of Trustees of Cleveland Community College for so long as it is utilized for educational purposes consistent with the mission of the North Carolina Community College System. The net proceeds of any subsequent disposition of the property shall be remitted to the Board of Trustees of Cleveland Community College and may be used by the Board for any lawful public purpose."

**SECTION 10.7.(b)** Section 4 of S.L. 2012-177, as amended by Section 1 of S.L. 2014-19, reads as rewritten:

"SECTION 4. Sections 1 through 3 of this act become effective July 1, 2016–2021. The remainder of this act becomes effective January 1, 2013."

**CERTAIN COMMUNITY COLLEGE PROJECT FUNDS**

**SECTION 10.8.** The funds appropriated to the North Carolina Community Colleges System Office by this act for the 2016-2017 fiscal year for (i) the Center for Advanced Manufacturing at Gaston Community College and (ii) Mitchell Community College site development shall not revert at the end of the fiscal year but shall remain available until expended.

**PART XI. UNIVERSITIES**

**EXPAND INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU).**

**SECTION 11.1.** Section 11.12(b) of S.L. 2015-241 reads as rewritten:

"SECTION 11.12.(b) The For the 2016-2017 fiscal year, the Board of Governors shall conduct a competitive process to select institutions of higher education that are Historically Black Colleges and Universities to participate in the internship program which links a minimum of 95 students attending Historically Black Colleges and Universities with North Carolina-based companies. The Board of Governors shall determine the number of institutions that may participate in the program; however, at least two of the institutions shall be private institutions. Funds appropriated by this act for this internship program shall be allocated only to constituent institutions of The University of North Carolina that are designated as an HBCU and private colleges and universities located in North Carolina that are designated as an HBCU."

**MODIFY NC GUARANTEED ADMISSION PROGRAM (NCGAP)**

**SECTION 11.2.(a)** Section 11.7(b) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall jointly study and evaluate how a deferred admission program, to be known as the North Carolina Guaranteed Admission Program (NCGAP), for students identified as academically at risk and designed pursuant to subsection (c) of this section, would address the issues and help achieve the goals set out in subsection (a) of this section. In its study the Board of Governors and State Board of Community Colleges shall also consider the best procedure for implementing NCGAP and the fiscal impact it may have with respect to enrollment.

By January 1, 2017, the President of The University of North Carolina, in consultation with the Board of Governors, shall adopt a plan to improve student completion of baccalaureate degrees that includes specific targets for each constituent institution's completion rates and that is effective for the 2017-2018 academic year. For the purposes of this section, "completion rates" may include the four and six year graduation rate of first-time, full-time freshman or other methods of measuring completion that may more accurately capture the success of each
institutions' undergraduate population. The plan shall allow for a variety of strategies designed to best meet the individual constituent institutions' needs, such as, but not limited to: redesigned courses, early alerts systems, tutoring, degree mapping, and innovative merit-based completion incentives."

**SECTION 11.2.(b)** Section 11.7(d) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(d) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall report their finding and recommendations to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2016. The report shall include an analysis of the fiscal impact NCGAP may have with regard to enrollment at constituent institutions of The University of North Carolina and at community colleges, the number of students who may participate in NCGAP, and its effect on FTEs.

The President of the University of North Carolina shall report on the plan to improve student completions to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management by January 1, 2017."

**SECTION 11.2.(c)** Section 11.7(e) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(e) Based on the analysis conducted by the Board of Governors and the State Board of Community Colleges pursuant to subsection (b) of this section and the recommendations made pursuant to subsection (d) of this section, each constituent institution shall design a deferred admission program as part of NCGAP for implementation at the institution. The institution shall design the program so that it may be implemented at the institution beginning with the 2016-2017 fiscal year and applied to the institution's admission process for the 2017-2018 and each subsequent academic year if the plan required by subsection (b) of this section is not implemented."

**SECTION 11.2.(d)** Section 11.7(g) of S.L. 2015-241 reads as rewritten:

"SECTION 11.7.(g) NCGAP shall be implemented at all constituent institutions and all community colleges beginning with the 2016-2017 fiscal year and shall apply to admissions policies at each constituent institution and community college beginning with the 2017-2018 and each subsequent academic year if the plan required by subsection (b) of this section is not implemented."

**UNC PART-WAY HOME STRATEGY/REPORT**

SECTION 11.3. No later than September 1, 2017, the President of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee regarding the expenditure of State funds used to recruit, retain, and graduate "part-way home" and other nontraditional students who have completed some college but have not earned a degree and to cover other costs of implementing the strategy to reenroll "part-way home" students. The report shall include line item expenditures, descriptions of program activities and accomplishments, and data on outcome measures used to assess program effectiveness.

**ACCESS TO AFFORDABLE COLLEGE EDUCATION**

SECTION 11.4.(a) Guarantee of No In-State Tuition Increase for Standard College Term. – Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.9. Fixed tuition payment.

(a) There is established the fixed tuition payment program. The rate of tuition of any freshman or transfer undergraduate student who is admitted to any constituent institution of The University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed as provided by this section. The program shall have the following components:

(1) A guarantee that the rate of tuition approved by either the Board of Governors or the Board of Trustees of the constituent institution will remain constant or decrease during the tuition period."
(2) Except as provided in subsection (b) of this section, the tuition period shall be (i) eight consecutive academic semesters for a student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions, or (ii) the appropriate balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution.

(3) Except as provided in subsection (b) of this section, the student must remain enrolled continuously at the constituent institution during the entire tuition period.

(4) At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable.

(b) The tuition period may be tolled if the student is able to demonstrate a substantial disruption or interruption in the student's pursuit of a degree as provided in G.S. 116-143.7(c).

(c) The Board of Governors shall adopt the policies needed to implement this section and shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate transfer students who are North Carolina residents for purposes of tuition.

SECTION 11.4.(a) Subsection (a) of this section is effective when it becomes law and beginning with the 2016 fall academic semester, applies to the rate of tuition for freshmen and transfer students who enroll at a constituent institution and to the rate of tuition for freshmen and transfer students who enroll at a constituent institution in subsequent academic semesters.

SECTION 11.4.(b) Cap on Student Fees. – Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.10. Cap on student fees.
Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina and the Board of Trustees at each constituent institution may increase the cumulative total of all undergraduate student fees approved by either the Board of Governors or the Board of Trustees by no more than three percent (3%) per academic year."

SECTION 11.4.(b1) Subsection (b) of this section is effective when it becomes law and applies beginning with the 2017-2018 academic year. The student fees charged for the 2016-2017 academic year shall be the baseline used to determine the amount of the three percent (3%) increase in student fees that is permissible for the 2017-2018 academic year.

SECTION 11.4.(c) NC Promise Tuition Plan and "Buy Down." – Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.11. NC Promise Tuition Plan; State "buy down" of certain financial obligations.
(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University as follows: beginning with the 2018 fall academic semester, the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars ($500.00) per academic semester and the rate of tuition for nonresident students shall be two thousand five hundred dollars ($2,500) per academic semester.

(b) Notwithstanding any other provision of law, the State shall "buy down" the amount of any financial obligation resulting from the established tuition rate that may be incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University as provided by this subsection. Beginning with the 2018-2019 fiscal year, the Director of the Budget shall determine each fiscal year, based on information provided by
the Board of Governors and the Chancellor of each constituent institution, the amount required to offset the forgone tuition receipts at each of the three institutions as a result of the tuition rate established by this section. The Director of the Budget shall authorize an increase in the base budget of The University of North Carolina of up to forty million dollars ($40,000,000) each fiscal year to cover the cost of the "buy down" that fiscal year and shall allocate the appropriate sum to each constituent institution. Any increase in the base budget authorized pursuant to this subsection shall not be included in the calculation of projected enrollment growth under G.S. 116-30.7.

(c) When implementing the provisions of this section, the Board of Governors shall give due consideration to maintaining the unique historical character of each institution, including service to students who are first generation, college-going, economically disadvantaged, or minority.”

SECTION 11.4.(c1) By January 16, 2017, the Board of Governors shall develop and implement a marketing strategy utilizing advertising means with historically successful results that is designed to increase enrollment at Elizabeth City State University and to effectively market the NC Promise Tuition Plan at that campus. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year, the Board of Governors may use a sum of up to two hundred fifty thousand dollars ($250,000) to accomplish the purpose provided in this subsection.

SECTION 11.4.(c2) G.S. 116-144 reads as rewritten:

"§ 116-144. Higher tuition to be charged nonresidents.

The Board of Governors shall fix the tuition and required fees charged nonresidents of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide, except that a person who serves as a graduate teaching assistant or graduate research assistant or in a similar instructional or research assignment and is at the same time enrolled as a graduate student in the same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by the Board, provided the rate is not lower than the North Carolina resident rate.”

SECTION 11.4.(d) Evaluation of Admission Cap on Nonresident Students Entering the Freshman Class of a Constituent Institution. – The Board of Governors shall consider what effect, if any, the elimination of or an increase in the current cap of eighteen percent (18%) on the enrollment of nonresident students entering the freshman class at the constituent institutions listed in subsection (d1) of this section may have regarding the student applications to those institutions. If the Board of Governors determines that eliminating or increasing such cap may increase the number, academic strength, and diversity of student applications at those institutions, then the Board of Governors may, in its discretion, adopt a policy that eliminates or establishes a different cap and the period of time for which the modification of the cap shall be implemented at those institutions.

SECTION 11.4.(d1) Subsection (d) of this section applies only to Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University.

SECTION 11.4.(e) Establish Merit Scholarships at North Carolina Agricultural and Technical State University and North Carolina Central University. – Chapter 116 of the General Statutes is amended by adding a new Article to read:

"Article 35.

"Cheatham-White Scholarships.

§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.

(a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are established as a merit scholarship program at North Carolina Agricultural and Technical State University and at North Carolina Central University. The purpose of the scholarships is to provide an outstanding educational experience for students who are exceptional scholars,
versatile and well-rounded individuals with a broad range of interests, and who are accomplished and proficient in areas of both the arts and the sciences. They must also demonstrate leadership potential and a strong commitment to service.

(b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of fully funded enrichment and networking opportunities that may include international travel and study.

c) Number of Scholarships Awarded. – Up to 50 scholarships, 40 for resident students and 10 for nonresident students, may be awarded each academic year to students admitted to North Carolina Agricultural and Technical State University. Up to 50 scholarships, 40 for resident students and 10 for nonresident students, may be awarded each academic year to students admitted to North Carolina Central University.

§ 116-291. Cheatham-White Scholarships; fund established; administration of fund.

(a) Fund Established. – There is established the Cheatham-White Scholarships Fund to be used to fund scholarships awarded pursuant to this Article. Both private and public funds may be solicited in the creation of the fund.

(b) Matching Funds. – The funds appropriated each fiscal year to the Cheatham-White Scholarships Fund shall be matched by non-State funds and disbursed pursuant to G.S. 143C-4-5.

(c) Administration of Fund. – The University of North Carolina General Administration shall administer the Cheatham-White Scholarships Fund and the Cheatham-White Scholarships program.

§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.

(a) Eligibility. – To be eligible to be nominated as a potential candidate for a Cheatham-White Scholarship, a person must satisfy all of the following criteria:

(1) Be a competitive applicant for admission as a freshman in the fall semester into a baccalaureate program at either North Carolina Agricultural and Technical State University or North Carolina Central University.

(2) Be a United States citizen or permanent resident.

(3) Be on course to graduate from high school in the spring semester prior to college admission.

(b) Selection Criteria. – Candidates for Cheatham-White Scholarships shall be selected on the basis of academic merit, honorable character, outstanding leadership potential, and a demonstrable commitment to service. Financial need shall not be a consideration.

§ 116-293. Cheatham-White Scholarships; school nomination of candidates.

All North Carolina high schools are eligible to nominate a student to be considered as a candidate for a Cheatham-White Scholarship. For purposes of this section, a high school includes a public school under the direction of a local board of education, a charter school, a regional school, a high school operated as part of The University of North Carolina, a school operated by the Department of Health and Human Services, a school operated by the State Board of Education, or a nonpublic school regulated under Article 39 of Chapter 115C of the General Statutes.

The number of nominees from each school is determined by the size of the senior class as follows:

(1) Up to 199 seniors ................................................................. 2 nominees.

(2) 200-399 seniors ............................................................... 3 nominees.

(3) 400-499 seniors ............................................................... 4 nominees.

(4) 500 or more seniors ......................................................... 5 nominees.

§ 116-294. Cheatham-White Scholarships; administration of scholarships.

The University of North Carolina General Administration shall administer the Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural and Technical State University and North Carolina Central University, pursuant to
policies adopted by the Board of Trustees of both constituent institutions. As part of its administrative responsibilities, The University of North Carolina General Administration, in consultation and collaboration with North Carolina Agricultural and Technical State University and North Carolina Central University, shall do all of the following:

1. Design and implement an application and school nomination process to be used to identify potential scholarship candidates and a process for awarding the scholarships.

2. Develop a direct nomination process, in addition to the school nomination process, that allows a student to nominate himself or herself to be considered as a candidate for the scholarship in certain circumstances.

3. Define and describe more fully the selection criteria to be considered when choosing a scholarship candidate and recipient.

4. Identify the parties that will (i) evaluate scholarship applications and nominations and (ii) determine which candidates shall be awarded scholarships.

5. Design the framework and add the necessary substantive detail for the scholarship program, including courses of study that will be available, summer enrichment programs, and other extraordinary educational opportunities, and oversee its implementation.

6. Establish a mentoring and networking system for scholarship recipients.

7. Administer the Cheatham-White Scholarships Fund.

8. Establish a Cheatham-White Scholarships alumni association and network.

9. Any other function necessary for the successful implementation of the Cheatham-White Scholarships program and administration of the Cheatham-White Scholarships Fund.

SECTION 11.4.(e1) G.S. 116-291, as enacted by subsection (e) of this section, becomes effective July 1, 2016. The remainder of subsection (e) of this section becomes effective beginning with the 2017 fall academic semester so that students may be nominated for the scholarship during the 2017-2018 academic year, and recipients of the scholarship may enroll to begin a course of study at the constituent institution beginning with the 2018 fall academic semester.

SECTION 11.4.(f) Scope. – Subsections (a) through (d) of this section do not apply to high schools governed by The University of North Carolina General Administration.

SECTION 11.4.(f1) Effective Date. – Except as provided otherwise, this section is effective when it becomes law and applies to the 2016 fall academic semester and each subsequent academic semester.

DISCLOSURE OF STUDENT DATA AND RECORDS BY PRIVATE INSTITUTIONS OF HIGHER EDUCATION/LIABILITY PROTECTION

SECTION 11.5. G.S. 116-229.1(a) reads as rewritten:

"(a) A private college or university that discloses personally identifiable information in student data or records according to the terms of a written agreement with a State agency, local school administrative unit, community college, constituent institution of The University of North Carolina, or the North Carolina Independent Colleges and Universities, Inc., in compliance with the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g, shall not be liable for a breach of confidentiality, disclosure, use, retention, or destruction of the student data or records if the breach, disclosure, use, retention, or destruction results from actions or omissions of either (i) the North Carolina Independent Colleges and Universities, Inc., the State agency, local school administrative unit, community college, or constituent institution of The University of North Carolina to which the data was provided or (ii) persons provided access to the data or records by those entities."
UNC TEACHER AND PRINCIPAL PREPARATION PROGRAM LAB SCHOOL FOR
K-8 STUDENTS

SECTION 11.6.(a) Chapter 116 of the General Statutes is amended by adding a
new Article to read:

"Article 29A.

"University of North Carolina Laboratory Schools.

§ 116-239.5. University of North Carolina laboratory schools; purpose.

(a) The Board of Governors, in consultation with the constituent institutions of The
University of North Carolina with educator preparation programs, shall designate eight
constituent institutions to establish laboratory schools to serve public school students in
accordance with the provisions of this Article. The Board of Governors shall select eight
constituent institutions with quality educator preparation programs as demonstrated by the
annual performance measures reported by the constituent institutions in accordance with
G.S. 115C-296.13.

(b) The mission of a laboratory school shall be to improve student performance in local
school administrative units with low-performing schools by providing an enhanced education
program for students residing in those units and to provide exposure and training for teachers
and principals to successfully address challenges existing in high-needs school settings. A
laboratory school shall provide an opportunity for research, demonstration, student support, and
expansion of the teaching experience and evaluation regarding management, teaching, and
learning.

(c) Each laboratory school shall expand student opportunities for educational success
through high-quality instructional programming and innovative instruction and research by
using the resources available to the constituent institution. Each constituent institution
operating a laboratory school shall incorporate best practices gained from State initiatives
focused on leadership development for both teachers and principals in low-performing schools
and local school administrative units.

(d) Except as otherwise provided in this Article, a laboratory school is exempt from
statutes and rules applicable to a local board of education or local school administrative unit.

§ 116-239.6. Definitions.

The following definitions apply in this Article:

(1) Advisory board. – An advisory board established by the board of trustees
under G.S. 116-239.8.

(2) Board of trustees. – The board of trustees of a constituent institution that is
the governing body of the lab school established under this Article.

(3) Constituent institution. – A constituent institution of The University of North
Carolina with an educator preparation program that has been designated by
the Board of Governors to establish a laboratory school under
G.S. 116-239.5.

(4) Laboratory school or lab school. – A public school created under
G.S. 116-239.7 that (i) is located in a local school administrative unit that
has twenty five percent (25%) or more of the schools located in the unit
identified as low-performing under G.S. 115C-105.37 and (ii) serves
students in kindergarten through eighth grade.

(5) Principal. – The principal of a lab school.

§ 116-239.7. Plan for the location of lab schools; creation of a lab school; dissolution.

(a) Plan for the Location of Lab Schools. – The Board of Governors, in collaboration
with the boards of trustees of the constituent institutions, shall adopt a plan for the location of
the lab schools in local school administrative units that meet the minimum threshold for the
number of low-performing schools located in the units under G.S. 116-239.6(4). The plan shall
include a geographically diverse distribution of the lab schools throughout the State and a
maximum of one lab school located in a qualifying local school administrative unit. The Board
of Governors shall update the plan as necessary to reflect any changes to the status of a

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constituent institution operating a lab school and the status of qualifying local school administrative units at the end of the term of operation of a lab school. A constituent institution shall not adopt a resolution to create a lab school under this section prior to receiving approval from the Board of Governors on the location of the lab school. At least 90 days prior to implementation, the Board of Governors shall submit the plan and any revisions to the plan to the Joint Legislative Commission on Governmental Operations.

(b) Resolution to Create a Lab School. – The board of trustees of a constituent institution shall adopt a resolution stating its intent to create a lab school, which shall include the following:

(1) Name of the lab school.
(2) The local school administrative unit in which the lab school shall be located. The local school administrative unit in which the lab school is located shall meet the requirement under G.S. 116-239.6(4) that twenty-five percent (25%) or more of the schools located in the unit are identified as low-performing under G.S. 115C-105.37 at the time the resolution is adopted. However, the board of trustees shall continue to operate the lab school within the local school administrative unit for at least five years as provided under subdivision (3) of this subsection regardless of whether the local school administrative unit continues to qualify under G.S. 116-239.6(4).

(3) A term of operation for the lab school of five years from the date of initial operation. At the end of five years of operation, if the lab school is still located in a local school administrative unit that has twenty-five percent (25%) or more of the schools located in the unit identified as low-performing under G.S. 115C-105.37, the resolution may be renewed by the constituent institution at the end of the term for an additional five years. If the lab school is no longer located in a qualifying local school administrative unit at the end of five years, the board of trustees shall notify the Board of Governors to request consultation on determining the location of creating a new lab school in accordance with subsection (a) of this section and the provisions of this Article.

(c) Recognition of a Lab School. – Each board of trustees that adopts a resolution as provided in this section shall file a copy of the resolution with the State Board of Education. Upon receipt of a resolution from a board of trustees for a named lab school, the State Board of Education shall approve the creation of the lab school.

(d) Dissolution or Assumption of a Lab School. – In the event of the potential dissolution of a lab school at the end of the term of the school's operation or due to the termination of an educator preparation program at the constituent institution, subject to approval by the Board of Governors, the board of trustees shall adopt a plan for the dissolution or the assumption of the lab school by a new entity. A local board of education of the local school administrative unit in which the lab school is located may transition the lab school to a public school under the governance of the local board or, if the local school administrative unit still qualifies under G.S. 116-239.6(4), the board of trustees of another constituent institution with an educator preparation program may assume operation of the lab school. If the lab school is dissolved or a local board of education assumes operation of the school, all net assets of the lab school purchased with public funds shall be deemed property of the local school administrative unit in which the lab school is located. The State Board of Education shall be notified in the event of the dissolution or assumption of a lab school, including the identity of the entity assuming operation of the school.

§ 116-239.8. Board of trustees; powers and duties.
The board of trustees shall have the following powers and duties:
Advisory board. – A board of trustees shall appoint an advisory board to provide general oversight and guidance to the board of trustees of the lab school as follows:

a. Composition of the advisory board. – The dean of the constituent institution's educator preparation program shall be a standing member of the advisory board and the board of trustees, upon recommendation of the president of the constituent institution, shall appoint four faculty members from the institution, at least two of whom are from the educator preparation program, one public member who resides in the local school administrative unit in which the lab school is located, two parents or guardians of students who attend the lab school, and one lab school student appointed by the principal to serve on the advisory board. The term of each member shall be for two years, and any vacancy shall be filled with a person of the same classification as his or her predecessor for the balance of the unexpired term. The board of trustees shall stagger the terms of the initial appointees in a manner that results in the expiration of terms of no more than two members in any year. The board of trustees shall call the organizational meeting of the advisory board. The advisory board shall annually elect a chair and a vice-chair. There shall be no limitation on successive appointments to the advisory board or successive terms that may be served by a chair or vice-chair. The advisory board shall adopt internal organizational procedures or bylaws necessary for efficient operation. Advisory board members shall not receive per diem or travel expenses for the performance of their duties.

b. The advisory board shall meet at least quarterly and shall have the following duties:
   1. Monitor the operations of the lab school and the distribution of moneys allocated for such operations.
   2. Recommend to the board of trustees necessary policy, program, and administration modifications.
   3. Evaluate biennially the performance of the principal and recommend corresponding action to the board of trustees.
   4. Annually review evaluations of the lab school's operation and research findings.

Academic program. –

a. The board of trustees shall establish the standard course of study for the lab school. This course of study shall set forth the subjects to be taught in each grade and the texts and other educational materials on each subject to be used in each grade. The board of trustees shall design its programs to meet at least the student performance standards adopted by the State Board of Education and the student performance standards contained in Chapter 115C of the General Statutes.

b. The board of trustees shall conduct student assessments required by the State Board of Education.

c. The board of trustees shall adopt a school calendar consisting of a minimum of 185 days or 1,025 hours of instruction covering at least nine calendar months.

Standards of performance and conduct. – The board of trustees shall establish policies and standards for academic performance, attendance, and
conduct for students of the lab school. The policies of the board of trustees shall comply with Article 27 of Chapter 115C of the General Statutes.

(4) Food and transportation services. – The local school administrative unit in which the lab school is located shall continue to provide food services and transportation to students attending the lab school. The board of trustees shall arrange for the provision of these services from the local school administrative unit.

(5) School attendance. – Every parent, guardian, or other person in this State having charge or control of a child who is enrolled in the lab school and who is less than 16 years of age shall cause such child to attend school continuously for a period equal to the time that the lab school shall be in session. No person shall encourage, entice, or counsel any child to be unlawfully absent from the lab school. Any person who aids or abets a student's unlawful absence from the lab school shall, upon conviction, be guilty of a Class 1 misdemeanor. The principal shall be responsible for implementing such additional policies concerning compulsory attendance as shall be adopted by the board of trustees, including regulations concerning lawful and unlawful absences, permissible excuses for temporary absences, maintenance of attendance records, and attendance counseling.

(6) Reporting. – The board of trustees shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

(7) Assessment results. – The board of trustees shall provide data to the local school administrative unit on the performance of that student on any testing required by the State Board of Education.

(8) Education of children with disabilities. – The board of trustees shall require compliance with laws and policies relating to the education of children with disabilities.

(9) Health and safety. – The board of trustees shall require that the lab school meet the same health and safety standards required of a local school administrative unit. The Department of Public Instruction shall ensure that lab schools comply with G.S. 115C-375.2A. The board of trustees of a lab school shall provide the school with a supply of emergency epinephrine auto-injectors necessary to carry out the provisions of G.S. 115C-375.2A.

(10) School Risk Management Plan. – Each lab school, in coordination with local law enforcement agencies, is encouraged to adopt a School Risk Management Plan (SRMP) relating to incidents of school violence. In constructing and maintaining these plans, a lab school may utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(11) Schematic diagrams and school crisis kits. – Lab schools are encouraged to provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies, in addition to implementing the provisions in G.S. 115C-105.52.

(12) School safety exercises. – At least once a year, a lab school is encouraged to hold a full schoolwide lockdown exercise with local law enforcement and emergency management agencies that are part of the lab school's SRMP.

(13) Safety information provided to the Department of Public Safety, Division of Emergency Management. – A lab school is encouraged to provide the following: (i) schematic diagrams, including digital schematic diagrams and (ii) emergency response information requested by the Division for the
SRMP. The schematic diagrams and emergency response information are not considered public records as the term "public record" is defined under G.S. 132-1 and shall not be subject to inspection and examination under G.S. 132-6.

(14) North Carolina school report cards. – A lab school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A lab school shall ensure that the overall school performance score and grade earned by the lab school for the current and previous four school years is prominently displayed on the school Web site. If a lab school is awarded a grade of D or F, the lab school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school.

(15) Policy against bullying. – A lab school is encouraged to adopt a policy against bullying or harassing behavior, including cyberbullying, that is consistent with the provisions of Article 29C of Chapter 115C of the General Statutes. If a lab school adopts a policy to prohibit bullying and harassing behavior, the lab school shall, at the beginning of each school year, provide the policy to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).

(16) Access for youth groups. – Lab schools are encouraged to facilitate access for students to participate in activities provided by any youth group listed in Title 36 of the United States Code as a patriotic society, such as the Boy Scouts of America, and its affiliated North Carolina groups and councils, and the Girl Scouts of the United States of America, and its affiliated North Carolina groups and councils. Student participation in any activities offered by these organizations shall not interfere with instructional time during the school day for the purposes of encouraging civic education.

§ 116-239.9. Student admissions and assignment.

(a) Any child who is residing in a local school administrative unit in which a lab school is located and is enrolled in a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application, may attend the lab school.

(b) No local board of education shall require any student enrolled in the local school administrative unit to attend a lab school.

(c) During each period of enrollment, the lab school shall enroll an eligible student who submits a timely application, with priority enrollment given in the order in which applications are received to a student who did not meet expected student growth in the prior school year based on any of the following: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including reading on grade level. If the number of applications from other eligible students exceeds the capacity of a program, class, grade level, or building, those students shall be accepted by lot. Once enrolled, students are not required to reapply in subsequent enrollment periods.

(d) Notwithstanding any law to the contrary, a lab school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

§ 116-239.10. Employees.

The board of trustees shall appoint all licensed and nonlicensed staff in accordance with the following:

(1) Principal. – The constituent institution shall employ and contract with a principal for a term not to exceed three years. The principal shall meet the requirements for licensure set out in G.S. 115C-284, unless waived by the State Board of Education upon submission of a request by the board of trustees. The principal shall be responsible for school operations and shall exercise those duties and powers delegated by the board of trustees.
(2) Faculty members. Faculty members may serve simultaneously as instructional personnel for the lab school and the constituent institution.

(3) Teachers. The constituent institution shall employ and contract with necessary teachers to perform the particular service for which they are employed in the school. At least fifty percent (50%) of teachers employed by the constituent institution shall hold teacher licenses, unless waived by the State Board of Education upon submission of a request by the board of trustees.

(4) Leave of absence from local school administrative unit. If a teacher employed by a local school administrative unit makes a written request for a leave of absence to teach at the lab school, the local school administrative unit shall grant the leave for one year. For the initial year of the lab school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 45 days before the teacher would otherwise have to report for duty. After the initial year of the lab school's operation, the local school administrative unit may require that the request for a leave of absence be made up to 90 days before the teacher would otherwise have to report for duty. A local board of education is not required to grant a request for a leave of absence or to extend or renew a leave of absence for a teacher who previously has received a leave of absence from that local board under this subdivision. A teacher who has career status under G.S. 115C-325 prior to receiving a leave of absence to teach at the lab school may return to a public school in the local school administrative unit with career status at the end of the leave of absence or upon the end of employment at the lab school if an appropriate position is available. If an appropriate position is unavailable, the teacher's name shall be placed on a list of available teachers in accordance with G.S. 115C-325(e)(2).

(5) Nonlicensed employees. The constituent institution also may employ necessary employees who are not required to hold teacher licenses to perform duties other than teaching and may contract for other services.

(6) Employment dismissal. An employee of the constituent institution is not an employee of the local school administrative unit in which the lab school is located. The constituent institution may discharge licensed and nonlicensed employees according to the terms of the employment contract.

(7) Employee benefits. Employees of the constituent institution shall participate in the Teachers' and State Employees' Retirement System and the State Health Plan on the same terms as other employees employed by the constituent institution.

(8) Exemptions. Employees of the constituent institution shall be exempt from Chapter 126 of the General Statutes, except Articles 6 and 7.

§ 116-239.11. State and local funds.

(a) The State Board of Education shall allocate to a lab school the following:

(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the school is located for each child attending the lab school, except for the allocation for children with disabilities and for the allocation for children with limited English proficiency.

(2) An additional amount for each child attending the lab school who is a child with disabilities. In the event a child with disabilities leaves the lab school and enrolls in a public school during the first 60 school days in the school year, the lab school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to
the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in the lab school during the first 60 school days in the school year, the State Board shall allocate to the lab school the pro rata amount of additional funds for children with disabilities.

(3) An additional amount for children with limited English proficiency attending the lab school, based on a formula adopted by the State Board.

(b) The State Board shall allow for annual adjustments to the amount allocated to the lab school based on its enrollment growth in school years subsequent to the initial year of operation.

c) Funds allocated by the State Board of Education may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for lab schools and may be used for payments on loans made to lab schools for facilities, equipment, or operations. However, State funds allocated under this section shall not be used to obtain any other interest in real property or mobile classroom units.

d) If a student attends a lab school, the local school administrative unit in which the child resides shall transfer to the lab school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the lab school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and lab school may use the process for mediation of differences provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a lab school located in the tax district for which these taxes are levied and in which the student resides.

e) The local school administrative unit shall also provide each lab school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period provided in subsection (d) of this section:

(1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).

(2) The student membership numbers used to calculate the per pupil share of the local current expense fund.

(3) How the per pupil share of the local current expense fund was calculated.

(4) Any additional records requested by a lab school from the local school administrative unit in order for the lab school to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(f) Prior to commencing an action under subsection (d) of this section, the complaining party shall give the other party 15 days’ written notice of the alleged violation. The court shall award the prevailing party reasonable attorneys' fees and costs incurred in an action under subsection (d) of this section. The court shall order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and shall establish a time for payment in full that shall be no later than one year from the entry of any judgment.


(a) As used in this section:

(1) "Criminal history" means a county, state, or federal criminal history of conviction of a crime, whether a misdemeanor or a felony, that indicates an individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel. These crimes include the following North Carolina crimes contained in any of the following Articles of Chapter 14 of the General Statutes: Article 5A, Endangering Executive and Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and
Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretense and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; and Article 60, Computer-Related Crime. These crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes listed in this subdivision, such crimes also include similar crimes under federal law or under the laws of other states.

(2) “School personnel” means any of the following:

a. Member of the board of trustees or the advisory board.

b. Employee of the lab school.

c. Independent contractor or employee of an independent contractor of the lab school if the independent contractor carries out duties customarily performed by school personnel, whether paid with federal, State, local, or other funds, who has significant access to students or who has responsibility for the fiscal management of the lab school.

(b) The board of trustees shall adopt a policy that requires an applicant for a school personnel position to be checked for a criminal history as provided in subsection (c) of this section. The board of trustees shall apply its policy uniformly in requiring applicants for school personnel positions to be checked for a criminal history. The board of trustees may grant conditional approval of an application while the board of trustees is checking a person's criminal history and making a decision based on the results of the check. An applicant for a school personnel position shall not be required to be checked for a criminal history if he or she has received a license within six months of employment that required a criminal history check equivalent to the criminal history check required in subsection (c) of this section.

The board of trustees shall not require an applicant to pay for the criminal history record check authorized under this section.

(c) The board of trustees shall require the person to be checked by the Department of Public Safety (i) to be fingerprinted and to provide any additional information required by the Department of Public Safety to a person designated by the board of trustees or to the local sheriff or the municipal police, whichever is more convenient for the person and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The board of trustees shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Public Safety shall provide to the board of trustees the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the board of trustees requires a criminal history record check.
The board of trustees shall not require school personnel to pay for fingerprints authorized under this section.

(d) The board of trustees shall review the criminal history it receives on an individual. The board of trustees shall determine whether the results of the review indicate that the individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel and shall use the information when making employment decisions and decisions with regard to independent contractors. The board of trustees shall make written findings with regard to how it used the information when making employment decisions and decisions with regard to independent contractors. The board of trustees may delegate any of the duties in this subsection to the principal.

(e) The board of trustees, or the principal if designated by the board of trustees, shall provide to the State Board of Education the criminal history it receives on a person who is certificated, certified, or licensed by the State Board of Education. The State Board of Education shall review the criminal history and determine whether the person's certificate or license should be revoked in accordance with State laws and rules regarding revocation.

(f) All the information received by the board of trustees through the checking of the criminal history or by the State Board of Education in accordance with this section is privileged information and is not a public record but is for the exclusive use of the board of trustees or the State Board of Education. The board of trustees or the State Board of Education may destroy the information after it is used for the purposes authorized by this section after one calendar year.

(g) There shall be no liability for negligence on the part of the board of trustees, or its employees, or the State Board of Education, or its employees, arising from any act taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Articles 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives false information on an employment application that is the basis for a criminal history record check under this section shall be guilty of a Class A1 misdemeanor.

§ 116-239.13. Review of lab schools.

The Board of Governors of The University of North Carolina, in conjunction with the constituent institutions operating lab schools and the State Board of Education, shall review and evaluate the educational effectiveness of the lab schools authorized under this Article for both public school students and students enrolled in educator preparation programs. The Board of Governors shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the following:

(1) Information on public school student enrollment in each lab school, including student demographics.

(2) The public school student admissions process and the number of students enrolled under the priority admissions category at each lab school.

(3) Public school student achievement data, including school performance grades and student achievement scores and student growth, at each lab school.

(4) Public school student academic progress in each lab school as measured against the previous school year and against other schools located in the local school administrative unit and statewide.

(5) Information on the student outcomes for students who are enrolled in each educator preparation program who obtained clinical experience in school
leadership and teaching in the lab schools, including the performance elements reported under G.S. 115C-296.13(b).

(6) Best practices resulting from lab school operations.

(7) Other information the Board considers appropriate.

SECTION 11.6.(b) G.S. 14-458.2(a) reads as rewritten:

"(a) The following definitions apply in this section:

(1) School employee. – The term means any of the following:
   a. An employee of a local board of education, a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a lab school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.
   b. An independent contractor or an employee of an independent contractor of a local board of education, a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a lab school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, if the independent contractor carries out duties customarily performed by employees of the school.

(2) Student. – A person who has been assigned to a school by a local board of education as provided in G.S. 115C-366 or has enrolled in a charter school authorized under G.S. 115C-218.5, a regional school created under G.S. 115C-238.62, a lab school created under G.S. 116-239.7, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, or a person who has been suspended or expelled from any of those schools within the last year."

SECTION 11.6.(c) G.S. 115C-83.15 reads as rewritten:

"§ 115C-83.15. School achievement, growth, performance scores, and grades.

..."
(10) One point for each percent of students who graduate within four years of entering high school.

In calculating the overall school achievement score earned by schools, the State Board of Education shall (i) use a composite approach to weigh the achievement elements based on the number of students measured by any given achievement element and (ii) proportionally adjust the scale to account for the absence of a school achievement element for award of scores to a school that does not have a measure of one of the school achievement elements annually assessed for the grades taught at that school. The overall school achievement score shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, and 115C-238.66, 115C-238.66, and 116-239.8.

(c) Calculation of the School Growth Score. – Using EVAAS, the State Board shall calculate the overall growth score earned by schools. In calculating the total growth score earned by schools, the State Board of Education shall weight student growth on the achievement indicators as provided in subsection (b) of this section that have available growth values. The numerical values used to determine whether a school has met, exceeded, or has not met expected growth shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, and 115C-238.66, 115C-238.66, and 116-239.8.

(d) Calculation of the School Performance Scores and Grades. – The State Board of Education shall use EVAAS to calculate the school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. If a school has met expected growth and inclusion of the school's growth score reduces the school's performance score and grade, a school may choose to use the school achievement score solely to calculate the performance score and grade. For all schools, the total school performance score shall be converted to a 100-point scale and used to determine a school performance grade based on the following scale:

1. A school performance score of at least 90 is equivalent to an overall school performance grade of A.
2. A school performance score of at least 80 is equivalent to an overall school performance grade of B.
3. A school performance score of at least 70 is equivalent to an overall school performance grade of C.
4. A school performance score of at least 60 is equivalent to an overall school performance grade of D.
5. A school performance score of less than 60 points is equivalent to an overall school performance grade of F.

(e) Elementary and Middle School Reading and Math Achievement Scores. – For schools serving students in kindergarten through eighth grade, the school achievement scores in reading and mathematics, respectively, shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, and 115C-238.66, 115C-238.66, and 116-239.8.

(f) Indication of Growth. – In addition to awarding the overall school scores for achievement, growth, and performance and the performance grade, using EVAAS, the State Board shall designate that a school has met, exceeded, or has not met expected growth. The designation of student growth shall be clearly displayed in the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, and 115C-238.66, 115C-238.66, and 116-239.8.

SECTION 11.6.(d) Notwithstanding G.S. 116-239.5, four lab schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted by this section, to begin operation in the 2017-2018 school year. Four additional lab schools shall be established to begin operation in the 2018-2019 school year.
SECTION 11.6.(e) Notwithstanding G.S. 116-239.7(a), as enacted by this section, by November 1, 2016, the Board of Governors of The University of North Carolina shall submit the plan for the location of the eight lab schools, including identifying the constituents institutions that will be operating the lab schools, to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 116-239.7(a).

Notwithstanding Article 29A of Chapter 116 of the General Statutes, as enacted by this section, no earlier than April 1, 2017, a constituent institution of The University of North Carolina with an educator preparation program that has been designated by the Board of Governors to establish a lab school shall adopt a resolution to create the lab school under G.S. 116-239.7 and in accordance with subsection (d) of this section.

SECTION 11.6.(f) The nonrecurring funds in the amount of one million dollars ($1,000,000) appropriated by this act to the Board of Governors for the UNC Teacher and Principal Preparation Laboratory School Program shall be allocated to The University of North Carolina General Administration to provide administrative and technical assistance to constituent institutions with educator preparation programs to support the establishment of lab schools in accordance with this section.

SECTION 11.6.(g) By November 15, 2017, the Board of Governors shall submit a report to the Joint Legislative Education Oversight Committee on the progress of establishing the lab schools, including information on student enrollment numbers and the admissions process and any other information the Board deems relevant. By November 15, 2018, the Board of Governors shall submit the initial report required by G.S. 116-239.13 to the Joint Legislative Education Oversight Committee.

REPEAL LIMIT ON USE OF STATE FUNDS FOR UNC ADVANCEMENT ACTIVITY

SECTION 11.7. Section 11.6 of S.L. 2015-241 is repealed.

ESTABLISH NORTH CAROLINA POLICY COLLABORATORY AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 11.8. The one million dollars ($1,000,000) in recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year to establish and operate a North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill shall be used to establish a Collaboratory that facilitates the dissemination of the policy and research expertise of The University of North Carolina for practical use by State and local government. The Collaboratory, at a minimum, shall conduct research on natural resources management, including, but not limited to, research related to the environmental and economic components of the management of the natural resources within the State of North Carolina and of new technologies for habitat, environmental, and water quality improvement. The Collaboratory shall develop and disseminate relevant best practices to interested parties, may lead or participate in projects across the State related to natural resource management, and may make recommendations to the General Assembly from time to time.

REIMBURSE FINE ASSESSED AGAINST UNC-CHAPEL HILL FOR EXCEEDING OUT-OF-STATE STUDENT ADMISSION LIMIT

SECTION 11.9. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2016-2017 fiscal year, the sum of five hundred thousand dollars ($500,000) shall be allocated to the University of North Carolina at Chapel Hill as a reimbursement for the fine assessed against the University of North Carolina at Chapel Hill for exceeding the eighteen percent (18%) limit on the admission of out-of-state students in the entering freshman class for the 2015-2016 academic year.
SUBPART XI-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

MODIFICATIONS TO THE SPECIAL EDUCATION SCHOLARSHIP GRANT PROGRAM FOR CHILDREN WITH DISABILITIES

SECTION 11A.2.(a) G.S. 115C-112.5(2) reads as rewritten:

"(2) Eligible student. – A child under the age of 22 who resides in North Carolina and meets all of the following criteria:

a. Is a child with a disability.

b. Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366.

c. Has not been placed in a nonpublic school or facility by a public agency at public expense.

d. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.

e. Has not received a high school diploma.

f. Meets at least one of the following requirements:

1. Was enrolled in a North Carolina public school or a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the previous semester.

2. Received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.

3. Was approved for a scholarship for the previous semester.

4. Is a child who is identified as a child with a disability prior to the end of the year of initial enrollment in kindergarten or first grade. An award by the Authority based on eligibility under this sub-sub-subdivision shall be conditional. If documentation is not provided to the Authority that the child is a child with a disability prior to the end of the year of initial enrollment, (i) no reimbursement shall be awarded and (ii) the child shall not qualify the following year as an eligible student under sub-sub-subdivision 3. of this section.

5. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

6. Is a child who has been domiciled in the State for at least six months."

SECTION 11A.2.(b) G.S. 115C-112.6 reads as rewritten:

§ 115C-112.6. Scholarships.

(a) Scholarship Applications. – The Authority shall make available no later than May 1 annually applications to eligible students for the award of scholarships. Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall give priority in awarding scholarships to eligible students who received a scholarship during the previous semester. Except as otherwise provided by the Authority for prior scholarship recipients, scholarships shall be awarded to eligible students in the order in which the applications are received.

(a1) Web Site Availability. – Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall also include information on the Web site notifying parents that federal regulations adopted under IDEA provide that no parentally placed private school child with a disability has an individual right to
receive some or all of the special education and related services that the child would receive if enrolled in a public school.

(a2) Priority of Awards. – The Authority shall award scholarships according to the following criteria for applications received by June 15 each year:

1. First priority shall be given to eligible students who received a scholarship during the previous semester.
2. After scholarships have been awarded under subdivision (1) of this subsection, scholarships shall be awarded to students who are eligible under G.S. 115C-112.5(f.1., 2., 4., and 5.
3. After scholarships have been awarded under subdivision (2) of this subsection, scholarships shall be awarded to students who are eligible under G.S. 115C-112.5(f.6.

Scholarships shall be awarded to eligible students in each subdivision of this subsection in the order in which the applications are received.

(b) Scholarship Awards. – Scholarships awarded to eligible students shall be for amounts of not more than four thousand dollars ($4,000) per semester per eligible student. Eligible students awarded scholarships may not be enrolled in a public school to which that student has been assigned as provided in G.S. 115C-366. Scholarships shall be awarded only for tuition and for the reimbursement of special education, related services, and educational technology, as provided in subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to receive scholarships for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1.

(b1) Disbursement of Scholarship Funds. – The Authority shall disburse scholarship funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student as follows:

1. Scholarship Tuition endorsement for tuition and reimbursement. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education. The Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school based upon the method selected by the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement for tuition option or the reimbursement for tuition option as set forth in this subdivision. Scholarship funds shall not be provided for tuition for home schooled students. If the student is attending a nonpublic school, the school must be deemed eligible by the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the school shall be subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at the site of the school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student. Scholarship funds for tuition shall be disbursed as follows:
a. Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at the site of the school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student.

b. Reimbursement for tuition. – The parent or guardian of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is not subject to G.S. 115C-562.5, shall pay tuition directly to the school. The Authority shall reimburse the parent or guardian no sooner than the midpoint of each semester. A parent or guardian may receive reimbursement for tuition if the parent or guardian provides documentation that the student was enrolled in a school under this sub-subdivision.

(2) Scholarship reimbursements for costs. – Scholarship reimbursement for costs incurred shall be provided as follows:

a. Preapproval process. – Prior to the start of each school semester, the parent of an eligible student may submit documentation of the special education, related services, or educational technology the parent anticipates incurring costs on in that semester for preapproval by the Authority.

b. Reimbursement submissions. – Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester. In addition, parents shall provide documentation of the following to seek reimbursement:

1. Special education reimbursement. – Parents may only receive reimbursement for special education if the parent provides documentation that the student received special education for no less than 75 days of the semester for which the parent seeks reimbursement. Special education reimbursement shall not be provided for special education instruction provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).
2. Related services reimbursement. – Parents may only receive reimbursement for related services if the parent provides documentation that the student also received special education for no less than 75 days of the semester for which the parent seeks reimbursement for the related services. Related services reimbursement shall not be provided for related services provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

3. Educational technology reimbursement. – Parents may only receive reimbursement for educational technology if the parent provides documentation that the student used the educational technology for no less than 75 days of the semester for which the parent seeks reimbursement.

c. Scholarship award. – The Authority shall award a scholarship in the amount of costs demonstrated by the parent up to the maximum amount. If the costs incurred by the parent do not meet the maximum amount, the Authority shall use the remainder of those funds for the award of scholarships to eligible students for the following semester. The Authority shall award scholarships to the parents of eligible students at least semiannually.

d. Carryforward of funds for reimbursements. – Any unexpended scholarship funds at the end of each fiscal year shall revert to the General Fund, except that the Authority may carry forward for the next fiscal year an amount necessary to ensure that any outstanding, allowable reimbursements can be disbursed in accordance with this section. Any funds carried forward for the purpose of meeting anticipated reimbursement obligations from the prior fiscal year that are not expended shall not be used to award additional scholarships to eligible students but shall revert to the General Fund at the end of the fiscal year.

(c) Student Continuing Eligibility. – After an eligible student's initial receipt of a scholarship, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

(1) The local educational agency. – The local school educational agency shall assess if the child continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

..."

SECTION 11A.2.(c) G.S. 115C-112.8(b) reads as rewritten:

"(b) The annual report shall include all of the following information:

(1) Total number, age, and grade level of eligible students receiving scholarships.

(2) Total amount of scholarship funding awarded."
(3) Nonpublic schools in which scholarship recipients are enrolled and the number of scholarship students at that school.

(4) The type of special education or related services for which scholarships were awarded.

(5) Total number of applicants by eligibility type, as listed in G.S. 115C-112.5(2)f., and the total number of scholarships awarded by priority type, as listed in G.S. 115C-112.6(a2)."

SECTION 11A.2.(d) Notwithstanding G.S. 115C-112.5(2)f.1., for the 2016-2017 school year only, a child shall be deemed to have met the eligibility requirement of enrollment in a North Carolina public school during the previous semester under G.S. 115C-112.5(2)f.1. if (i) the child's parent or guardian submitted an application and was eligible to receive a scholarship grant under Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2015-2016 school year and was enrolled in a public school for at least 75 days during the spring semester of the 2014-2015 school year or (ii) the child was enrolled for at least 75 days during the spring semester of the 2015-2016 school year.

SECTION 11A.2.(e) Except as otherwise provided in this section, this section applies beginning with the 2016-2017 school year.

OPPORTUNITY SCHOLARSHIP MODIFICATIONS/PROGRAM FORWARD FUNDING

SECTION 11A.3.(a) G.S. 115C-562.1(3) reads as rewritten:
"(3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Meets one of the following criteria:
   1. Was a full-time student (i) assigned to and attending a public school pursuant to G.S. 115C-366 or (ii) enrolled in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the previous semester.
   2. Received a scholarship grant during the previous school year.
   3. Is entering either kindergarten or the first grade.
   4. Is a child in foster care as defined in G.S. 131D-10.2(9).
   5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.
   6. Is a child whose parent or legal guardian is on full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to 10 U.S.C. § 12301, et seq., and 10 U.S.C. § 12401, et seq.

   a1. Has not enrolled in a postsecondary institution in a matriculated status eligible for enrollment for 12 hours of academic credit.

   b. Resides in a household with an income level not in excess of one hundred thirty-three percent (133%) of the amount required for the student to qualify for the federal free or reduced-price lunch program."

SECTION 11A.3.(b) G.S. 115C-562.2(a)(2) reads as rewritten:
"(2) After scholarship grants have been awarded to prior recipients as provided in subdivision (1) of this subsection, scholarships shall be awarded with remaining funds as follows:

a. At least fifty percent (50%) of the remaining funds shall be used to award scholarship grants to eligible students residing in households
with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.

b. No more than thirty-five percent (35%) forty percent (40%) of the remaining funds shall be used to award scholarship grants to eligible students entering either kindergarten or first grade.

c. Any remaining funds shall be used to award scholarship grants to all other eligible students.”

SECTION 11A.3.(c) It is the intent of the General Assembly to move the Opportunity Scholarship Grant program funding into the Opportunity Scholarship Grant Fund Reserve (Reserve) established under G.S. 115C-562.8, as enacted by this section, so that funds appropriated for scholarship grants in a fiscal year are awarded to students for the school year in the following fiscal year. This change shall provide additional program stability.

SECTION 11A.3.(d) G.S. 115C-562.1 is amended by adding a new subdivision to read:

"(5a) Reserve. – The Opportunity Scholarship Grant Fund Reserve established under G.S. 115C-562.8."

SECTION 11A.3.(e) G.S. 115C-562.2 is amended by adding a new subsection to read:

"(b1) Beginning with the 2017-2018 school year, within the funds appropriated by the General Assembly to award scholarship grants to eligible students under this Part, the Authority may award scholarship grants to at least 2,000 more eligible students each school year than were served in the prior school year."

SECTION 11A.3.(f) Part 2A of Article 39 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund."

SECTION 11A.3.(g) G.S. 115C-562.8, as enacted by subsection (f) of this section, reads as rewritten:

"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be carried forward for one fiscal year.
and may be used for the purposes set forth in this section. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund.

(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds of at least ten million dollars ($10,000,000) each fiscal year for 10 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriation</th>
</tr>
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<tbody>
<tr>
<td>2017-2018</td>
<td>$44,840,000</td>
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<td>$124,840,000</td>
</tr>
<tr>
<td>2026-2027</td>
<td>$134,840,000</td>
</tr>
</tbody>
</table>

For the 2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of one hundred forty-four million eight hundred forty thousand dollars ($144,840,000) to be used for the purposes set forth in this section.

(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of up to four percent (4%) of the funds appropriated or one million five hundred thousand dollars ($1,500,000) each fiscal year for administrative costs associated with the scholarship grant program.”

SECTION 11A.3.(h) Section 8.29(f) of S.L. 2013-360 is repealed.

SECTION 11A.3.(i) Subsections (a) and (b) of this section apply beginning with the 2016-2017 school year. Subsections (g) and (h) of this section become effective July 1, 2017.

TRANSFORMING PRINCIPAL PREPARATION/CLARIFY RFP GRANTS

SECTION 11A.4. Subsection 11.9(f) of S.L. 2015-241 reads as rewritten:

"SECTION 11.9.(f) Application Requirements. – The nonprofit corporation entering into a contract with the Authority under subsection (d) of this section shall issue an initial RFP with guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An eligible entity that seeks a grant under the program authorized by this section shall submit to the nonprofit corporation an application at such time, in such manner, and accompanied by such information as the nonprofit may require. An applicant shall include at least the following information in its response to the RFP for consideration by the nonprofit corporation:

(1) The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.

(2) The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
   a. A proactive, aggressive, and intentional recruitment strategy.
   b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the school-level, and the local school administrative
unit-level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.

c. Alignment to high-quality national standards for school leadership development.

d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.

e. Full-time clinical practice of at least five months in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.

f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.

g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.

h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.

j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs."

PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART XII-A. CENTRAL MANAGEMENT AND SUPPORT

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

SECTION 12A.1. Section 12A.7(a) of S.L. 2015-241 reads as rewritten:

"SECTION 12A.7.(a) Funds appropriated in this act in the amount of five million eight hundred three thousand dollars ($5,803,000) for the 2015-2016 fiscal year and thirteen million fifty-two thousand dollars ($13,052,000) for the 2016-2017 fiscal year along with prior year earned revenue in the amount of nine million four hundred thousand dollars ($9,400,000) for the 2015-2016 fiscal year and ten million nine hundred eighty-nine thousand seventeen dollars ($10,989,017) for the 2016-2017 fiscal year and for each of those fiscal years, the cash balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) project shall be used to match federal funds in the 2015-2016 and 2016-2017 fiscal years to expedite the development and implementation of Child Care, Low Income Energy Assistance, Crisis Intervention Programs, Child Services, and NC FAST Federally-Facilitated Marketplace (FFM) Interoperability, Interoperability, and Additional Medicaid Eligibility Requirements and Enterprise Program Integrity components of the NC FAST program. The Department shall report any changes in approved federal funding or federal match rates within 30 days after the change to the Joint Legislative Oversight Committees on Health and Human Services and Information Technology and the Fiscal Research Division. Departmental receipts appropriated in this act in the amount of twelve million six hundred thirty-seven thousand two hundred fifty-five dollars ($12,637,255) for the 2016-2017 fiscal year shall be used to implement the components of the NC FAST project described in this subsection."

ELIMINATION OF NC TRACKS ICD-10 IMPLEMENTATION REPORT

SECTION 12A.2. Section 12A.6(b) of S.L. 2015-241 is repealed.
FINAL REPORT ON COMMUNITY PARAMEDICINE PILOT PROGRAM

SECTION 12A.3. Section 12A.12(e) of S.L. 2015-241 reads as rewritten:
"SECTION 12A.12(e) The Department of Health and Human Services shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1, 2016. March 1, 2017. At a minimum, the final report shall include all of the following:
(1) An updated version of the evaluation plan required by subsection (d) of this section.
(2) An estimate of the cost to expand the program incrementally and statewide.
(3) An estimate of any potential savings of State funds associated with expansion of the program.
(4) If expansion of the program is recommended, a time line for expanding the program."

CONTRACTING SPECIALIST TRAINING PROGRAM

SECTION 12A.4.(a) The School of Government at the University of North Carolina at Chapel Hill (SOG), in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the design of a contracting specialist training program for management level personnel within the Department that is based on both national standards and the Certified Local Government Purchasing Officer Program administered by the SOG. By August 1, 2016, the SOG and the Department shall submit the proposal prepared pursuant to this subsection to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 12A.4.(b) The SOG, in collaboration with the Director of Procurement, Contracts and Grants for the Department of Health and Human Services, shall prepare a proposal for the implementation and administration of the contracting specialist training program for management level personnel within the Department. The proposal shall include budget estimates for program implementation and administration based on the requirements of the program design. The SOG and the Department shall submit the proposal prepared pursuant to this subsection, including budget estimates for program implementation and administration, to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division for consideration during the 2017 Regular Session.

SECTION 12A.4.(c) This section is effective when it becomes law.

REVISIONS/COMPETITIVE GRANTS/NONPROFIT ORGANIZATIONS

SECTION 12A.5. Section 12A.8 of S.L. 2015-241 reads as rewritten:
"..."

"SECTION 12A.8.(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:
(1) A request for application (RFA) process to allow nonprofits to apply for and receive State funds on a competitive basis. The Department shall require nonprofits to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
(2) A requirement that nonprofits match a minimum of fifteen percent (15%) of the total amount of the grant award.
(3) A requirement that the Secretary prioritize grant awards to those nonprofits that are able to leverage non-State funds in addition to the grant award."
(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:
   a. A program targeting advocacy, support, education, or residential services for persons diagnosed with autism.
   b. A system of residential supports for those afflicted with substance abuse addiction.
   c. A program of advocacy and supports for individuals with intellectual and developmental disabilities or severe and persistent mental illness, substance abusers, or the elderly.
   d. Supports and services to children and adults with developmental disabilities or mental health diagnoses.
   e. A food distribution system for needy individuals.
   f. The provision and coordination of services for the homeless.
   g. The provision of services for individuals aging out of foster care.
   h. Programs promoting wellness, physical activity, and health education programming for North Carolinians.
   i. The provision of services and screening for blindness.
   j. A provision for the delivery of after-school services for apprenticeships or mentoring at-risk youth.
   k. The provision of direct services for amyotrophic lateral sclerosis (ALS) and those diagnosed with the disease.
   l. A comprehensive smoking prevention and cessation program that screens and treats tobacco use in pregnant women and postpartum mothers.
   m. A program providing short-term or long-term residential substance abuse services. For purposes of this sub-subdivision, "long-term" means a minimum of 12 months.
   n. A program that provides year-round sports training and athletic competition for children and adults with disabilities.

(5) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for health and wellness programs and initiatives.

(6) Allows grants to be awarded to nonprofits for up to two years.

(7) With grants awarded beginning July 1, 2016, a requirement that of the funds provided for competitive grants pursuant to this section, a minimum of five percent (5%) of the grants be awarded to new grant recipients who did not receive grant awards during the previous competitive grants process.

(8) A requirement that initial disbursement of the grants be awarded no later than 30 days after certification of the State budget for the respective fiscal year.

...
the sum of two hundred fifty thousand dollars ($250,000) in recurring funds for each year of
the 2015-2016 fiscal year2015-2017 fiscal biennium; and the sum of one million two hundred
fifty thousand dollars ($1,250,000) in nonrecurring funds for the 2016-2017 fiscal year shall be
used for the development and implementation phased development, implementation, and
operation of a pilot program for Medicaid claims analytics and population health management.

"SECTION 12A.17.(b) The Department shall coordinate with the Government Data
Analytics Center (GDAC) to develop the pilot program and to provide access to needed data
sources, including Medicaid claims data, Medicaid beneficiary files, and local management
entity/managed care organization (LME/MCO) encounter data for the pilot program. The pilot
program shall utilize the subject matter expertise and technology available through existing
GDAC public-private partnerships in order to apply analytics in a manner that would maximize
health care savings and efficiencies to the State and optimize positive impacts on health
outcomes.

"SECTION 12A.17.(b1) During the 2016-2017 fiscal year, the scope of the pilot program
shall be expanded to include all of the following:

(1) The integration of new data sources, such as patient level Healthcare
Effectiveness Data and Information Set (HEDIS) quality measures, as
prioritized by the Department and GDAC.

(2) Customized reporting and analytics capabilities.

(3) A tool to construct and analyze claims as clinical episodes of care in order to
assist North Carolina in its transition to capitated managed care and
value-based purchasing arrangements.

(4) Operationalization of the pilot program, including an ongoing feed of the
data sources described in subsection (b) of this section and any other data
sources mutually agreed upon by the Department and GDAC.

"SECTION 12A.17.(c) By November 30, 2015, the Department shall execute all
contractual agreements and interagency data-sharing agreements necessary for development
and implementation of the pilot program authorized by this section.

"SECTION 12A.17.(d) The Department and GDAC shall make the following reports on
the pilot program authorized by this section:

(1) By January 15, 2016, the Department and GDAC shall provide a progress
report on the pilot program authorized by this section to the Senate
Appropriations Committee on Health and Human Services, the House of
Representatives Appropriations Committee on Health and Human Services,
and the Fiscal Research Division.

(2) By May 31, 2016, the Department and GDAC shall make a final interim
report of their findings and recommendations on the pilot program
authorized by this section to the Joint Legislative Oversight Committee on
Health and Human Services, the Joint Legislative Oversight Committee on
Information Technology, and the Fiscal Research Division.

(3) By May 31, 2017, the Department and GDAC shall make a final report of
their findings and recommendations on the pilot program authorized by this
section to the Joint Legislative Oversight Committee on Health and Human
Services, the Joint Legislative Oversight Committee on Information
Technology, and the Fiscal Research Division."

GRADUATE MEDICAL EDUCATION FUNDING/CAPE FEAR VALLEY MEDICAL
CENTER

SECTION 12A.8.(a) Calculation of Recurring Payment of Funds. – Of the funds
appropriated in this act to the Department of Health and Human Services, Division of Central
Management and Support, for the 2016-2017 fiscal year for Graduate Medical Education, the
sum of up to seven million seven hundred thousand dollars ($7,700,000) in recurring funds
shall be allocated to Cape Fear Valley Medical Center to support the establishment of residency
programs affiliated with Campbell University School of Medicine. In addition to any payment due under subsection (c) of this section and subject to fulfillment of the conditions specified in subsection (b) of this section, the recurring amount of funds allocated to Cape Fear Valley Medical Center (the Center) pursuant to this section shall be calculated so as not to exceed the lesser of the following two amounts:

1. The total amount of actual lost Medicare payments attributed to the Center's reclassification by the federal Centers for Medicare and Medicaid Services (CMS) as a rural hospital minus three million dollars ($3,000,000) in private donations for the residency programs.

2. Seven million seven hundred thousand dollars ($7,700,000).

SECTION 12A.8.(b) Conditions for Payment of Funds. – No funds shall be paid to Cape Fear Valley Medical Center pursuant to the calculation specified in subsection (a) of this section until the Office of State Budget and Management (OSBM) certifies, in writing, that the Center has met the following criteria by June 30, 2017:

1. Received private donations for the residency programs in the amount of at least three million dollars ($3,000,000). No funds shall be allocated to Cape Fear Valley Medical Center in any subsequent fiscal year pursuant to this section unless OSBM certifies, in writing, that Cape Fear Valley Medical Center has received three million dollars ($3,000,000) in private donations for the residency programs by June 30th of that fiscal year.

2. Obtained approval from CMS for reclassification as a rural hospital.

3. Obtained approval from the Accreditation Council for Graduate Medical Education or the American Osteopathic Association for residency programs with a minimum of 130 additional residency slots.

SECTION 12A.8.(c) Calculation of Initial Payment of Funds. – Following CMS approval of the reclassification of Cape Fear Valley Medical Center to a rural hospital and notwithstanding subsection (a) of this section, the Center shall provide documentation to OSBM of its actual lost Medicare payments for the period commencing from the application filing date, as defined in 42 C.F.R. 412.103(b)(5), and ending on the date CMS approves the Center's reclassification request. OSBM shall certify computations of the Center's actual lost Medicare payments and apply the calculations specified in subsection (a) of this section to determine any retroactive amounts due to Cape Fear Valley Medical Center under this section. Any retroactive payment determined to be due to Cape Fear Valley Medical Center shall be paid to the Center within 30 days after OSBM certifies the amount of any retroactive amounts due to the Center under this section.

SECTION 12A.8.(d) Report on Use of Funds. – Following the initial allocation of funds pursuant to this section, Cape Fear Valley Medical Center shall annually report on or before April 1 to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division regarding its progress in establishing any residency programs funded by State appropriations.

QUALIFICATIONS OF DIRECTOR OF OFFICE OF PROGRAM EVALUATION, REPORTING, AND ACCOUNTABILITY

SECTION 12A.9. G.S. 143B-216.55(b) reads as rewritten:

"(b) The Director must have a minimum of 10 years of experience in program evaluation equivalent to the duties of the office, including at least three years of experience at the management level that demonstrates increasing levels of responsibility within the field of program evaluation."

DATA ANALYTICS AND PERFORMANCE ENHANCEMENT

SECTION 12A.10. Any enhancement of the State's data analytics capabilities utilizing funds appropriated in this act to the Department of Health and Human Services,
Division of Central Management and Support, for the 2016-2017 fiscal year shall be subject to applicable State laws requiring that these analytics be developed and implemented in collaboration with the Government Data Analytics Center.

SUBPART XII-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K/CLARIFY BUILDING STANDARDS

SECTION 12B.1.(a) Section 12B.1 of S.L. 2015-241 is amended by adding a new subsection to read:

"SECTION 12B.1.(b1) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating prekindergarten classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1."

SECTION 12B.1.(b) Section 12B.1(c) of S.L. 2015-241 reads as rewritten:

"SECTION 12B.1.(c) Programmatic Standards. – All entities operating prekindergarten classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements."

STUDY CHILD CARE SUBSIDY RATE SETTING

SECTION 12B.2. The Department of Health and Human Services, Division of Child Development and Early Education, shall study how rates are set for child care subsidy. In conducting the study, the Division shall, at a minimum, review market rate studies and other methodologies for establishing rates, including any cost estimation models, along with the pros and cons of each method reviewed. The Division shall report to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division by March 1, 2017, on any recommendations, including the suggested methodology to be used for setting rates, as well as time frames for implementing the methodology.

ADDITIONAL CHILD CARE SUBSIDY MARKET RATE INCREASES/CERTAIN AGE GROUPS AND COUNTIES

SECTION 12B.3. Section 12B.2A of S.L. 2015-241 reads as rewritten:

"SECTION 12B.2A.(a) Beginning January 1, 2016, the Department of Health and Human Services, Division of Child Development and Early Education, shall increase the child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from birth through two years of age in three-, four-, and five-star-rated child care centers and homes in tier one and tier two counties. For purposes of this section, tier one and tier two counties shall have the same designations as those established by the N.C. Department of Commerce's 2015 County Tier Designations."

"SECTION 12B.2A.(b) Beginning October 1, 2016, the Division shall increase the child care subsidy market rates to the rates recommended by the 2015 Child Care Market Rate Study from age three through five years in three-, four-, and five-star-rated child care centers and homes in tier one and tier two counties;"

STUDY COSTS AND EFFECTIVENESS ASSOCIATED WITH NC PRE-K SLOTS

SECTION 12B.4.(a) As the objective of the NC Pre-K program is to provide high-quality educational experiences to enhance school readiness for eligible four-year-olds, the Department of Health and Human Services, Division of Child Development and Early Education, shall study the costs and effectiveness associated with funding slots for the NC Pre-K program. In conducting the study, the Division shall review and determine the following:

(1) The total cost to fund a NC Pre-K slot, including administration and any local costs.
The program's anticipated effectiveness in preparing eligible four-year-olds in the five developmental domains outlined in the North Carolina Foundations for Early Learning and Development.

Whether the program's effectiveness as reviewed pursuant to subdivision (2) of this subsection justifies the costs associated with funding NC Pre-K slots or whether there are other alternatives to achieve the same objectives.

The State share needed to fund a NC Pre-K slot by each setting, including public schools, child care facilities, and Head Start.

The amount of funds needed to maintain the current number of NC Pre-K slots if the per slot cost was increased to the amount recommended by the study.

Recommendations on how often the NC Pre-K slot costs should be evaluated and reported to the General Assembly.

Any other relevant issues the Division deems appropriate.

SECTION 12B.4.(b) The Division of Child Development and Early Education shall report its findings and recommendations, including any legislative proposals, to the chairs of the House Appropriations Committee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services and the Fiscal Research Division on or before February 1, 2017.

STATE AGENCY COLLABORATION ON EARLY CHILDHOOD EDUCATION/TRANSITION FROM PRESCHOOL TO KINDERGARTEN

SECTION 12B.5.(a) The Department of Health and Human Services, in consultation with the Department of Public Instruction and any other agencies or organizations that administer, support, or study early education in this State, and within resources currently available, shall collaborate on an ongoing basis to develop and implement a statewide vision for early childhood education. In collaborating in this effort, the agencies shall develop a comprehensive approach to early childhood education, birth through third grade, including creating cross agency accountability with a comprehensive set of data indicators, including consideration of the NC Pathways to Grade-Level Reading, to monitor and measure success of the early childhood education systems.

SECTION 12B.5.(b) The Department of Health and Human Services, the Department of Public Instruction, and any other agencies or organizations that administer, support, or study early education programs in this State shall report their findings and recommendations, including any legislative proposals, resulting from the initiative to develop and implement a statewide vision for early childhood education pursuant to subsection (a) of this section. The agencies shall make an initial report to Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2017, submit a follow up report to those same committees on or before January 1, 2018, and may make any subsequent reports, annually, on or before January 1, as needed to those same committees.

SECTION 12B.5.(c) The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall promote the successful transition of children who receive assistance from NC Pre-K program and the Child Care Subsidy Assistance program for four- and five-star rated facility classrooms to kindergarten. In its promotion of a successful transition from preschool to kindergarten, the Department of Health and Human Services shall recommend that both NC Pre-K teachers and preschool teachers prepare a preschool to kindergarten transition plan for each child transitioning to kindergarten that documents the child's strengths and needs based on the five Goals and Developmental Indicator domains for children's developmental and learning progress that are based on the NC Foundations for Early Learning and Development. The preparation of the transition plan shall only apply to children who receive assistance through the NC Pre-K program or the Child Care Subsidy Assistance program. It is the intent of the General Assembly that the Departments
utilize this transition plan until such time as the standardized program to transition children from preschool to kindergarten, required pursuant to subsection (e) of this section, is developed and implemented.

SECTION 12B.5.(d) The Department of Health and Human Services shall report on the implementation of the transition plan required pursuant to subsection (c) of this section, including any findings and recommendations and any legislative proposals, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before December 15, 2016.

SECTION 12B.5.(e) The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall develop and implement a standardized program to transition children from preschool to kindergarten. In developing this standardized transition program, the Department of Health and Human Services shall identify, at a minimum:

1. Methods to standardize student transition information such that it is quantifiable.
2. Recommendations for sharing data contained in a student's transition plan between preschool teachers and either kindergarten teachers or the schools that receive the incoming kindergarten students.
3. Recommendations for sharing data contained in a student's transition plan between preschool teachers and the parents or guardians of the child who is transitioning to kindergarten.
4. Recommendations for preschool teacher training and continuing education to support their role in completing transition plans for preschool children.
5. Recommendations for baseline information that should be compiled in transition plans for students transitioning to kindergarten.
6. Procedures for the management of transition plan documents, including recommendations for the length of records retention, provisions for confidentiality, and proper disposal.
7. Any other components the Department deems appropriate in the provision of information between preschools, students' families, and kindergartens.

SECTION 12B.5.(f) The Department of Health and Human Services shall report on the development of the standardized transition program required pursuant to subsection (e) of this section, including any findings and recommendations and any legislative proposals, to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee on or before January 1, 2018.

SUBPART XII-C. DIVISION OF SOCIAL SERVICES

CHILD WELFARE SYSTEM CHANGES

SECTION 12C.1.(a) Federal Improvement Plan Implementation. – The Department of Health and Human Services, Division of Social Services, shall implement the requirements of the federal Program Improvement Plan to bring our State into compliance with national standards for child welfare policy and practices. The Division shall collaborate with county departments of social services to develop a model of oversight that supports program outcomes and a county's ability to meet performance standards as outlined in the Program Improvement Plan. Oversight may include support for continuous quality improvement, staff training, and data analysis. During the first two years of implementing the Program Improvement Plan, the Division shall ensure the three new Human Services/Planner Evaluator positions funded by this act are used to carry out the activities detailed in the Plan. Upon complete implementation of the Plan, these positions shall be used in child welfare services to continually improve outcomes for children and families.

The Division shall report on the implementation and outcomes of the Program Improvement Plan to the Joint Legislative Oversight Committee on Health and Human
Services. The report shall be submitted semiannually on February 1 and August 1 of each year, with the first report submitted on August 1, 2016, and the final report on February 1, 2019.

SECTION 12C.1.(b) Statewide Strategic Plan. – The Division of Social Services shall develop a statewide strategic plan for child welfare services that complements the required federal Program Improvement Plan. The statewide strategic plan shall, at a minimum, address the findings of the North Carolina Statewide Child Protective Services Evaluation, which was conducted as required by Section 12C.1(f) of S.L. 2014-100, in the areas of county performance, caseload sizes, administrative structure, adequacy of funding, social worker turnover, and monitoring and oversight. The plan shall also address measures for ensuring that Native American children in this State are served in a culturally appropriate manner, including in placements for adoption and foster care. The Division shall submit the plan to the Joint Legislative Oversight Committee on Health and Human Services by December 1, 2016, for consideration by the 2017 General Assembly.

SECTION 12C.1.(c) Child Welfare/NC FAST. – The Department of Health and Human Services, Division of Social Services, shall continue toward completion of the child welfare component of the North Carolina Families Accessing Services Through Technology (NC FAST) system to (i) bring the State into compliance with the Statewide Information System systematic factor of the Child and Family Services Review (CFSR) and (ii) ensure that data quality meets federal standards and adequate information is collected and available to counties to assist in tracking children and outcomes across counties.

It is the intent of the General Assembly that the child welfare component of the NC FAST system be operational by December 31, 2017. To that end, the Department of Health and Human Services, Division of Social Services, shall report on the development, implementation, and outcomes of the child welfare component of the NC FAST system to the Joint Legislative Oversight Committee on Health and Human Services quarterly beginning October 1, 2016, and ending with a final report on February 1, 2018. The report shall include, at a minimum, each of the following:

1. The current time line for development and implementation of the child welfare component to NC FAST.
2. Any adjustments and justifications for adjustments to the time line.
3. Progress on the development and implementation of the system.
4. Address any identified issues in developing or implementing the child welfare component to NC FAST and solutions to address those issues.
5. The level of county participation and involvement in each phase of the project.
6. Any budget and expenditure reports, including overall project budget and expenditures, and current fiscal year budget and expenditures.

SECTION 12C.1.(d) G.S. 7B-101(3) reads as rewritten:

As used in this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings:

(3) Caretaker. – Any person other than a parent, guardian, or custodian who has responsibility for the health and welfare of a juvenile in a residential setting. A person responsible for a juvenile’s health and welfare means a stepparent, foster parent, an adult member of the juvenile’s household, an adult relative entrusted with the juvenile’s care, a potential adoptive parent during a visit or trial placement with a juvenile in the custody of a department, any person such as a house parent or cottage parent who has primary responsibility for supervising a juvenile’s health and welfare in a residential child care facility or residential educational facility, or any employee or volunteer of a division, institution, or school operated by the Department of Health and Human Services. Nothing in this subdivision shall be construed to impose a
Section 12C.1(e) G.S. 7B-302(a1)(1) reads as rewritten:

"(a1) All information received by the department of social services, including the identity of the reporter, shall be held in strictest confidence by the department, except under the following circumstances:

(1) The department shall disclose confidential information to any federal, State, or local government entity or its agent or any private child placing or adoption agency licensed by the Department of Health and Human Services, in order to protect a juvenile from abuse or neglect. Any confidential information disclosed to any federal, State, or local government entity or its agent under this subsection shall remain confidential with the other government entity or its agent and shall only be redisclosed for purposes directly connected with carrying out that entity's mandated responsibilities."

Section 12C.1(f) G.S. 7B-401.1(h) reads as rewritten:

"(h) Intervention. – Except as provided in G.S. 7B-1103(b) and subsection (e1) of this section, the court shall not allow intervention by a person who is not the juvenile's parent, guardian, or custodian, or caretaker but may allow intervention by another county department of social services that has an interest in the proceeding. This section shall not prohibit the court from consolidating a juvenile proceeding with a civil action or claim for custody pursuant to G.S. 7B-200."

Section 12C.1(f1) G.S. 7B-505.1(c) reads as rewritten:

"(c) The director shall obtain consent authorization from the juvenile's parent, guardian, or custodian for consent to all care or treatment not covered by subsection (a) or (b) of this section, except that the court may authorize the director to provide consent after a hearing at which the court finds by clear and convincing evidence that the care, treatment, or evaluation requested is in the juvenile's best interest. Care and treatment covered by this subsection includes:

(1) Prescriptions for psychotropic medications.
(2) Participation in clinical trials.
(3) Immunizations when it is known that the parent has a bona fide religious objection to the standard schedule of immunizations.
(4) Child Medical Evaluations not governed by subsection (b) of this section, comprehensive clinical assessments, or other mental health evaluations.
(5) Surgical, medical, or dental procedures or tests that require informed consent.
(6) Psychiatric, psychological, or mental health care or treatment that requires informed consent."

Section 12C.1(g) G.S. 7B-901(c) reads as rewritten:

"(c) If the disposition order places a juvenile in the custody of a county department of social services, the court shall direct that reasonable efforts for reunification as defined in G.S. 7B-101 shall not be required if the court makes written findings of fact pertaining to any of the following, unless the court concludes that there is compelling evidence warranting continued reunification efforts:

(1) A court of competent jurisdiction has determined that aggravated circumstances exist because the parent has committed or encouraged the commission of, or allowed the continuation of, any of the following upon the juvenile:
   a. Sexual abuse.
   b. Chronic physical or emotional abuse.
   c. Torture.
   d. Abandonment."
e. Chronic or toxic exposure to alcohol or controlled substances that causes impairment of or addiction in the juvenile.
f. Any other act, practice, or conduct that increased the enormity or added to the injurious consequences of the abuse or neglect.

(2) A court of competent jurisdiction has terminated involuntarily the parental rights of the parent to another child of the parent.

(3) A court of competent jurisdiction has determined that (i) the parent has committed murder or voluntary manslaughter of another child of the parent; (ii) has aided, abetted, attempted, conspired, or solicited to commit murder or voluntary manslaughter of the child or another child of the parent; (iii) has committed a felony assault resulting in serious bodily injury to the child or another child of the parent; (iv) has committed sexual abuse against the child or another child of the parent; or (v) has been required to register as a sex offender on any government-administered registry.

SECTION 12C.1.(g1) G.S. 7B-906.1(d)(3) reads as rewritten:

"(d) At each hearing, the court shall consider the following criteria and make written findings regarding those that are relevant:

(3) Whether efforts to reunite the juvenile with either parent clearly would be futile, unsuccessful or inconsistent with the juvenile's health or safety and need for a safe, permanent home within a reasonable period of time. The court shall consider efforts to reunite regardless of whether the juvenile resided with the parent, guardian, or custodian at the time of removal. If the court determines efforts would be futile, unsuccessful or inconsistent, the court shall consider other permanent plans of care for the juvenile pursuant to G.S. 7B-906.2.

""

SECTION 12C.1.(h) G.S. 7B-906.2 is amended by adding a new subsection to read:

"(a1) Concurrent planning shall continue until a permanent plan has been achieved."

REVISE REPORT DATE/ EBCI ASSUMPTION OF SERVICES

SECTION 12C.2.(a) Section 12C.10 of S.L. 2015-241, as amended by Section 4.2 of S.L. 2015-268, reads as rewritten:

"..."

"SECTION 12C.10.(d) Approval for the Eastern Band of Cherokee Indians to administer the eligibility process for Medicaid and NC Health Choice is contingent upon federal approval of State Plan amendments and Medicaid waivers by the Centers for Medicare & Medicaid Services (CMS). The Department of Health and Human Services, Division of Medical Assistance (DMA), shall submit any State Plan amendments and Medicaid waivers necessary for the delegation of authority and administrative transfer of function to the Eastern Band of Cherokee Indians or to effectuate the changes required by this section and Section 12C.3 of S.L. 2014-100. All State Plan amendments and Medicaid waivers submitted as allowed under this subsection shall have an effective date of October 1, 2016. April 1, 2017. DMA shall submit the State Plan amendments and waivers allowed under this subsection and any related responses to CMS requests for additional information to the Eastern Band of Cherokee Indians for review prior to submission to CMS. If CMS does not approve the State Plan amendments and Medicaid waivers allowed by this subsection, the counties shall continue serving individuals living on the federal lands held in trust by the United States.

"SECTION 12C.10.(e) Within 30 days of CMS approval of the State Plan amendments and Medicaid waivers submitted as allowed under subsection (d) of this section, the Department of Health and Human Services shall submit an Advanced Planning Document Update (APDU). When an Advanced Planning Document Update (APDU) is required, the
Department of Health and Human Services shall submit an APDU within 30 days after CMS approval of the State Plan amendments allowed under subsection (d) of this section. The Department shall submit the APDU to CMS, the United States Department of Agriculture (USDA), and the Administration for Children and Families (ACF). If CMS, USDA, and ACF do not approve the APDU, the counties shall continue serving individuals living on the federal lands held in trust by the United States.

"SECTION 12C.10.(f1) The Department, in collaboration with the Eastern Band of Cherokee Indians, shall draft a project plan to meet the October 1, 2016, April 1, 2017, effective date required by subsection (d) of this section. The Department shall report on the project plan to the Joint Legislative Oversight Committee on Health and Human Services on or before January 1, 2016."

"SECTION 12C.2.(b) Section 12C.3(b) of S.L. 2014-100, as amended by Section 12C.10(e1) of S.L. 2015-241, reads as rewritten:"

"SECTION 12C.3.(b) Beginning October 1, 2014, or upon federal approval, the Eastern Band of Cherokee Indians may begin assuming the responsibility for the Supplemental Nutrition Assistance Program (SNAP). When the Eastern Band of Cherokee Indians assumes responsibility for SNAP, then any State statutes, portions of statutes, or rules relating to the provision of social services regarding SNAP services by a county department of social services for members of the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions, administration, and funding requirements relating to those social services are thereby delegated to the Eastern Band of Cherokee Indians.

No later than October 1, 2016, April 1, 2017, and with the exception of services related to special assistance, childcare, and adult care homes, the Eastern Band of Cherokee Indians may assume responsibility for other programs as described under G.S. 108A-25(e), enacted in subsection (c) of this section. When the Eastern Band of Cherokee Indians assumes responsibility for any of those other programs, then any State statutes, portions of statutes, or rules relating to the provision of services for those programs by a county department of social services for members of the Eastern Band of Cherokee Indians shall no longer apply to the Tribe, and the functions, administration, and funding requirements relating to those programs are thereby delegated to the Eastern Band of Cherokee Indians."

PILOT PROGRAM/INCREASE ACCESS TO PUBLIC BENEFITS FOR OLDER DUAL ELIGIBLE SENIORS

SECTION 12C.3.(a) The Department of Health and Human Services, Division of Social Services (Division), shall establish an evidence-based pilot program to increase access to public benefits for seniors aged 65 and older who are dually enrolled in Medicare and Medicaid to (i) improve the health and independence of seniors and (ii) reduce health care costs. On or before January 1, 2017, the Division shall partner with a not-for-profit firm for the purposes of engaging in a data-driven campaign to help seniors aged 65 and older who are dually enrolled in Medicare and Medicaid meet their basic social needs. The not-for-profit firm shall have demonstrated experience in assisting with these types of services and the partnership shall accomplish each of the following:

1. Identify through data sharing, dual eligible seniors aged 65 and older who qualify for the Supplemental Nutrition and Assistance Program (SNAP) but are not currently enrolled.
2. Conduct an outreach program towards those seniors for the purpose of enrolling them into SNAP.
3. Provide comprehensive application assistance through outreach specialists to complete public benefits application processes.
4. Evaluate project effectiveness and explore how data can be utilized to achieve optimal outcomes.
(5) Make recommendations regarding policy options available to the State to streamline access to benefits.

**SECTION 12C.3.(b)** The Division of Social Services shall report to the Office of the Governor and the Joint Legislative Oversight Committee on Health and Human Services on its progress in the pilot program by February 1 following each year the pilot program is in place. The report shall, at a minimum, include the following:

1. The number of seniors age 65 and older who are dual eligibles but are not enrolled in SNAP.
2. The number of those identified that would be included in the sample population.
3. Methods of outreach toward those seniors in the sample population.
4. Number of to date enrollments in SNAP as a direct result of outreach during the pilot program.
5. Participation rate to date in SNAP of those seniors in the sample population.
6. Any other findings the Division deems relevant.

**SECTION 12C.3.(c)** If funding and capacity exist, the Division of Social Services may expand the pilot program to include other public benefits programs.

**UPDATE DATES/TANF BENEFIT IMPLEMENTATION PLAN**

**SECTION 12C.5.(a)** Section 12C.1 of S.L. 2015-241 is amended by adding a new subsection to read:

"SECTION 12C.1.(f) This section expires September 30, 2016."

**SECTION 12C.5.(b)** Beginning October 1, 2016, the General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period October 1, 2016, through September 30, 2019. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

**SECTION 12C.5.(c)** The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2016-2019, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

**SECTION 12C.5.(d)** Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2016 through 2019, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2016. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2019.

**SECTION 12C.5.(e)** For the 2016-2017 fiscal year, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2015-2016 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

**SECTION 12C.5.(f)** In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2016-2017 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.
REPORTING REQUIREMENTS/ECKERD KIDS AND CARING FOR CHILDREN'S ANGEL WATCH PROGRAM

SECTION 12C.6.(a) The Department of Health and Human Services, Division of Social Services, shall report on the use of funds provided in this act to expand the Eckerd Kids and Caring for Children's Angel Watch program, a foster care program for children who are ages zero to six, with siblings up to age 10, who are not in the custody of a county department of social services and whose families are temporarily unable to care for them due to a crisis. The report shall, at a minimum, include each of the following:

1. The number of families and children served by the program, including the counties in which services are provided.
2. The number of children who enter foster care within six months after their family participates in the program.
3. A comparison of children with similar needs that do not participate in the program and the number of those children who enter into foster care.
4. Any other matters the Division deems relevant.

SECTION 12C.6.(b) The Division of Social Services shall make an interim report in accordance with this section on or before March 1, 2017, to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division. The Division shall submit a final report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by September 1, 2017.

TEMPORARY FINANCIAL ASSISTANCE FOR FACILITIES LICENSED TO ACCEPT STATE-COUNTY SPECIAL ASSISTANCE PAYMENTS

SECTION 12C.7.(a) The following definitions apply in this section:

1. Facility licensed to accept State-County Special Assistance payments or facility. – Any residential care facility that is (i) licensed by the Department of Health and Human Services and (ii) authorized to accept State-County Special Assistance payments from its residents.

SECTION 12C.7.(b) Nonrecurring funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (DSS), for the 2016-2017 fiscal year for facilities licensed to accept State-County Special Assistance payments shall be used to provide temporary financial assistance in the form of a monthly payment to these facilities on behalf of each resident who is a recipient of State-County Special Assistance. The counties shall pay to the State fifty percent (50%) of the cost of providing these monthly payments to these facilities. The monthly payments provided by DSS to these facilities shall be subject to all of the following requirements and limitations:

1. The amount of the monthly payments authorized by this section is equal to thirty-four dollars ($34.00) per month for each resident who is a recipient of State-County Special Assistance.
2. A facility that receives the monthly payments authorized by this section shall not, under any circumstances, use these payments for any purpose other than to offset the cost of serving residents who are recipients of State-County Special Assistance.
3. The DSS shall make monthly payments authorized by this section to a facility on behalf of a resident only for the period commencing October 1, 2016, and ending June 30, 2017.
4. The DSS shall make monthly payments authorized by this section only to the extent sufficient State and county funds allocated to the DSS for the 2016-2017 fiscal year are available for this purpose.
(5) The DSS shall not make monthly payments authorized by this section to a facility on behalf of a resident whose eligibility determination for State-County Special Assistance is pending.

(6) The DSS shall terminate all monthly payments pursuant to this section on the earlier of the following:
   b. Upon depletion of the State and county funds allocated to the DSS for the 2016-2017 fiscal year for this purpose.

SECTION 12C.7.(c) Notwithstanding any provision of this act or any other provision of law to the contrary, the DSS shall not be required to provide any temporary financial assistance to facilities beyond June 30, 2017, or upon depletion of the State and county funds allocated to the DSS for the 2016-2017 fiscal year for this purpose, whichever is earlier.

SECTION 12C.7.(d) If possible, the DSS shall use an existing mechanism to administer these funds in the least restrictive manner that ensures compliance with this section and timely and accurate payments to facilities. The DSS shall not, under any circumstances, use any portion of the State and county funds allocated to the DSS for the 2016-2017 fiscal year for the purpose of this section for any other purpose.

SECTION 12C.7.(e) By no later than April 1, 2017, the DSS shall submit to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division a detailed plan for a long-term solution on how to ensure adequate reimbursement to facilities for serving recipients of State-County Special Assistance without increasing the Medicaid eligibility income limit for State-County Special Assistance recipients and thereby expanding Medicaid.

SECTION 12C.7.(f) Nothing in this section shall be construed as an obligation by the General Assembly to appropriate funds for the purpose of this section, or as an entitlement by any facility, resident of a facility, or other person to receive temporary financial assistance under this section.

SECTION 12C.7.(g) This section expires on June 30, 2017.

SUBPART XII-D. DIVISION OF AGING AND ADULT SERVICES [RESERVED]

SUBPART XII-E. DIVISION OF PUBLIC HEALTH

USE OF AIDS DRUG ASSISTANCE PROGRAM (ADAP) FUNDS TO PURCHASE HEALTH INSURANCE

SECTION 12E.1.(a) The Department of Health and Human Services, Division of Public Health, shall create within the North Carolina AIDS Drug Assistance Program (ADAP) a health insurance premium assistance program that utilizes federal funds from Part B of the Ryan White HIV/AIDS Program and ADAP funds to provide eligible beneficiaries with premium and cost-sharing assistance for the purchase or maintenance of private health insurance coverage, including premiums, co-payments, and deductibles. In creating this program, the Department shall ensure full compliance with federal Health Resources and Services Administration (HRSA) guidance, including the methodology used to do all of the following:

(1) Assess and compare the cost of providing prescription drugs to eligible beneficiaries through the health insurance premium assistance program created pursuant to this section versus the existing ADAP program.

(2) Ensure that insurance premium assistance program funds are used solely to pay for premium and cost-sharing assistance for the purchase or maintenance of private health insurance coverage that provides, at a minimum, prescription coverage equivalent to the formulary available under Part B of the Ryan White HIV/AIDS Program.
(3) Limit the total annual amount of funds expended for the health insurance premium assistance program authorized by this section to no more than the total annual cost of maintaining the same individuals on the existing ADAP Program.

SECTION 12E.1.(b) By March 1, 2017, the Department shall submit a report to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the operation of the program authorized by subsection (a) of this section, including any obstacles to implementation.

HEALTHY OUT-OF-SCHOOL TIME (HOST) RECOGNITION PROGRAM

SECTION 12E.2.(a) Program Established.—There is created the "Healthy Out-of-School Time (HOST) Recognition Program" to be administered by the Department of Health and Human Services, Division of Public Health, in collaboration with the North Carolina Center for Afterschool Programs based in the Public School Forum.

SECTION 12E.2.(b) Definitions. — The following definitions shall apply in this section:
(1) Department. — The Department of Health and Human Services, Division of Public Health.
(2) HEPA Standards. — The National Institute on Out-of-School Time Healthy Eating and Physical Activity Standards.
(3) Out-of-school time program. — Any nonlicensed program provided to children and youth ages 17 and under that is currently exempt from G.S. 110-91 or any other qualified out-of-school time programs that serve school-age children outside of regular school hours, including before school and on weekends.
(4) Program attendee. — A person enrolled in an exempt out-of-school time program.
(5) Screen time. — Time spent viewing or working on television, videos, computers, or handheld devices, with or without Internet access.

SECTION 12E.2.(c) Program Development. — The Department shall develop a process, to be administered on its Internet Web site, for an out-of-school time program to be recognized as a program that meets the HEPA Standards as outlined in this section. The Web site shall include all resources and links that an out-of-school time program may use to meet the requirements of this section. Programs being recognized shall demonstrate consistency and implementation of HEPA standards.

   The Department shall develop and implement a process for providing minimal verification of self-assessments submitted by out-of-school time programs applying for recognition, which may include a site visit or other form of review. At a minimum, the Department shall review a random sample of program self-assessments within 30 to 60 days of receipt of the assessments.

   Periodically, or at least once every five years, the Department shall review, and if necessary, revise and update the program standards to reflect advancements in nutrition science, dietary data, and physical activity standards to ensure consistency with nationally recognized guidelines for out-of-school time programs.

SECTION 12E.2.(d) Certificate; Program Information. — The Department shall provide a certificate to out-of-school time programs that demonstrate that the program meets HEPA standards. If the out-of-school time program is located on a school site, the out-of-school time program shall communicate with the school regarding nutrition education and physical activity, as appropriate, to provide the program attendees with a complete educational experience. All activities shall also adhere to the local school administrative unit's wellness policy, as appropriate.
The Department shall have information about the program available for review by a parent at both the physical location of the out-of-school time program and on the program's Internet Web site, if applicable. The Department shall require that the out-of-school time program maintain in its records a document signed by all parents acknowledging that they are aware of the HOST Recognition Program requirements and policies to institute and reinforce these specific healthy behaviors for all children served in the out-of-school time program.

SECTION 12E.2(e) Certificate Renewal. – A certificate issued under this section shall be valid for one calendar year. An out-of-school time program that wishes to create a new certificate for the subsequent year shall, by January 1 of the following year and thereafter, verify with the Department that the out-of-school time program continues to follow the HOST Recognition Program criteria established in accordance with subsection (d) of this section.

SECTION 12E.2(f) List of Programs. – The Department shall maintain and update a list of out-of-school time programs that qualify under the provisions of this section and shall post that list on its Internet Web site, including the date of qualification for each program.

SECTION 12E.2(g) Availability of Funds. – The provisions of the Healthy Out-of-School Time (HOST) Recognition Program enacted under this section are subject to the availability of funds for that purpose.

FUNDING FOR THE ELIMINATION OF HEALTH DISPARITIES


SECTION 12E.3(b) By September 30, 2016, the Department shall terminate all existing grants awarded pursuant to Section 12E.3 of S.L. 2015-241.

SECTION 12E.3(c) Section 12E.3 of S.L. 2015-241 is repealed effective October 1, 2016.

SECTION 12E.3(d) Funds appropriated to the Department of Health and Human Services, Division of Public Health, for the Community-Focused Eliminating Health Disparities Initiative for the 2016-2017 fiscal year shall be used by the Office of Minority Health to establish and administer, in consultation with the Chronic Disease and Injury Prevention Section, an evidence-based Diabetes Prevention Program (DPP) modeled after the program recommended by the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), targeting minority populations.

VECTOR SURVEILLANCE PROGRAM

SECTION 12E.4(a) As used in this section, the term vector means a living transporter and transmitter of the causative agent of a disease.

SECTION 12E.4(b) The Department of Health and Human Services, Division of Public Health, shall establish and administer a vector surveillance program to protect the public health. In conducting the program, the Department shall do all of the following:
(1) Conduct vector surveillance.
(2) Characterize vector-borne disease risk.
(3) Recommend appropriate vector control measures.
(4) Evaluate the effectiveness of vector control measures.
(5) Provide comprehensive vector-borne disease consultation, communication, and education.

SECTION 12E.4(c) The Commission for Public Health is authorized to adopt rules necessary to implement the vector surveillance program established pursuant to this section.

INCREASED FEE FOR NEWBORN SCREENING PROGRAM

SECTION 12E.5(a) G.S. 130A-125(c), as amended by Section 12E.12 of S.L. 2015-241, reads as rewritten:
"(c) A fee of twenty-four dollars ($24.00) forty-four dollars ($44.00) applies to a laboratory test performed by the State Laboratory of Public Health pursuant to this section. The fee for a laboratory test is a departmental receipt of the Department and shall be used to offset the cost of the Newborn Screening Program."

SECTION 12E.5.(b) Subsection (a) of this section is effective when it becomes law and applies to fees imposed for laboratory tests performed on or after that date.

ALLOCATION OF FUNDS FOR SHORTFALLS IN LOCAL HEALTH DEPARTMENTS

SECTION 12E.6.(a) In allocating funds appropriated in this act to the Department of Health and Human Services, Division of Public Health (DPH), for the 2016-2017 fiscal year to support local health departments as they adjust to new Medicaid reimbursement rates, the DPH shall give priority to minimizing any negative impact on the delivery of direct services.

SECTION 12E.6.(b) By February 1, 2017, the DPH shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on its proposal for resolving the shortfall of funds in local health departments attributed to their adjustment to new Medicaid reimbursement rates.

SUBPART XII-F. DIVISION OF MH/DD/SAS AND STATE OPERATED HEALTHCARE FACILITIES

MEDICATION-ASSISTED OPIOID USE DISORDER TREATMENT PILOT PROGRAM

SECTION 12F.1.(a) Definitions. – As used in this section, the following terms have the following meanings:

(1) Department. – The North Carolina Department of Health and Human Services.

(2) FQHC. – A federally qualified health center located in this State.

(3) Prescriber. – Anyone authorized to prescribe drugs pursuant to the laws of this State.

(4) Program participant. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by an FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, receives the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.

(5) Randomized control group member. – An individual who (i) has been clinically assessed and diagnosed with opioid addiction, (ii) is selected by a FQHC to participate in the pilot program authorized by this section, and (iii) as part of the pilot program, does not receive the nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence.

SECTION 12F.1.(b) Pilot Program. – The Department shall oversee the administration of a three-year pilot program to be conducted by designated FQHCs to address North Carolina's growing opioid addiction and overdose crisis. The goal of the pilot program is to study the effectiveness of combining behavioral therapy with the utilization of a nonnarcotic, nonaddictive, extended-release, injectable formulation of opioid antagonist approved by the United States Food and Drug Administration for the prevention of relapse to opioid dependence. In conducting the pilot program, selected FQHCs may collaborate with the Department, the North Carolina Institute of Medicine (NCIOM), and any other qualified entity or State agency that may be of assistance in accomplishing the objectives of the pilot program. Prior to the initiation of this pilot program, the Department shall, in collaboration with the
NCIOM or any other qualified entity, determine the number of program participants and randomized control group members needed to participate in the pilot program in order to ensure sufficient statistical significance to support any conclusions about the effectiveness of the pilot program.

**SECTION 12F.1.(c) Selection of Participating FQHCs.** Not later than 30 days after the effective date of this section, the Department shall select a minimum of three and not more than five FQHCs located in different areas of the State to participate in the pilot program authorized by this section, giving first priority to FQHCs that have received supplemental grant funds from the United States Department of Health and Human Services, Health Resources and Services Administration, for substance abuse service expansion with a focus on medication-assisted treatment in opioid use disorders.

**SECTION 12F.1.(d) Selection of Program Participants.** Not later than 60 days after the effective date of this section, the Department shall develop, in collaboration with the NCIOM or any other qualified entity, a methodology for selecting program participants and randomized control group members at each FQHC. Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program participants and randomized control group members. Individuals who have been referred from local criminal justice agencies may be selected as program participants and randomized control group members.

**SECTION 12F.1.(e) Treatment Standards.** As a condition of participating in the pilot program authorized by this section, each FQHC shall sign a written participation agreement provided by the Department that requires the FQHC to adhere to at least all of the following treatment standards for the duration of its participation in the pilot program:

1. Treatment may be provided to program participants and randomized control group members only by a treatment provider who is affiliated with a participating FQHC.
2. Only individuals who have been clinically assessed and diagnosed with opioid addiction may be selected and treated as program participants and randomized control group members.
3. Treatment providers at participating FQHCs shall do all of the following:
   a. Provide treatment based on an integrated service delivery model that consists of the coordination of care between a prescriber and an addiction services provider.
   b. Conduct any necessary additional professional, comprehensive substance use disorder and mental health diagnostic assessments of individuals under consideration for selection as pilot program participants to determine if they would benefit from substance use disorder treatment and monitoring.
   c. Determine, based on the assessments described in sub-subdivision b. of this subdivision, the treatment needs of the program participants served by the treatment provider.
   d. Develop individualized treatment goals and objectives for each program participant.
   e. Provide program participants with access to medication-assisted treatment utilizing a nonnarcoic, nonaddictive, extended-release, injectable formulation of opioid antagonist.
   f. In addition to medication-assisted treatment, provide program participants with other types of therapies, including behavioral therapies, outpatient programs, and community support, for opioid use disorder and any other disorders that are determined by the treatment provider to be co-occurring disorders.
   g. In the case of medication-assisted treatment provided under the pilot program, a drug may be used only if it has been approved by the
United States Food and Drug Administration for use in combination with behavioral therapy for the prevention of relapse to opioid dependence.

h. Comply with all applicable federal opioid treatment standards.

i. Monitor the progress of program participants and randomized control group members through the use of regular drug testing, including urinalysis.

SECTION 12F.1.(f) FQHC Reports. – No later than 60 days after the effective date of this section, the Department shall, in collaboration with the NCIOM or any other qualified entity, develop a standardized methodology for the collection of information on program participants and randomized control group members at each FQHC. As a condition of participating in the pilot program authorized by this section, each selected FQHC must agree to follow this standardized methodology for (i) collecting information on program participants and randomized control group members and (ii) annually reporting that information to the Department, in the format prescribed by the Department. The annual report shall include at least all of the following information, in the format prescribed by the Department:

(1) For each program participant and randomized control group member, that individual's age, sex, and length of treatment. This information shall be reported to the Department in a manner that does not disclose personally identifying information about program participants and randomized control group members.

(2) The total number of program participants and the total number of randomized control group members who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

(3) A comparison of program participants to the randomized control group members.

(4) The amount of State appropriations expended on a per program participant basis at each participating FQHC.

SECTION 12F.1.(g) Evaluation of Pilot Program. – By November 1, 2020, the Department shall conduct and submit to the Joint Legislative Oversight Committee on Health and Human Services a comprehensive evaluation of the effectiveness of this pilot program in addressing North Carolina's growing opioid addiction and overdose crisis. The Department may contract with an institution of higher education or other qualified entity with expertise in evaluating programs similar to the pilot program authorized by this section. The comprehensive evaluation shall include whether this pilot program was successful as measured by at least all of the following:

(1) The total number of program participants who successfully transitioned to opioid abstinence for a minimum of 30 days, 60 days, 90 days, six months, 12 months, and 18 months.

(2) A comparison of the program participants to the randomized control group members.

(3) A cost-benefit analysis of the pilot program.

SECTION 12F.1.(h) Expiration. – The pilot program conducted at each selected FQHC shall expire no later than three years after the date of its commencement at that particular FQHC.

SECTION 12F.1.(i) Funds in the amount of five hundred thousand dollars ($500,000) from the federal Substance Abuse Prevention and Treatment Block Grant shall be allocated to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year. These funds shall be allocated to the FQHCs selected to participate in the pilot program authorized by this section on a per program participant basis to offset the cost of the following services:
(1) Medication dispensed to program participants.
(2) Provider fees for services rendered to program participants.
(3) Up to 14 days of detoxification services.
(4) Behavioral therapy for program participants.
(5) Drug testing and monitoring of program participants.

SECTION 12F.1.(j) Subsection (i) of this section becomes effective July 1, 2016.
The remainder of this section is effective when it becomes law.

RESERVE FUND FOR GOVERNOR'S MENTAL HEALTH AND SUBSTANCE USE
TASK FORCE RECOMMENDATIONS

SECTION 12F.3.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year to implement the recommendations of the Governor's Task Force on Mental Health and Substance Use established pursuant to Executive Order No. 76 (Governor's Task Force) shall be deposited into the reserve fund established pursuant to subsection (b) of this section.

SECTION 12F.3.(b) The Mental Health and Substance Use Task Force Reserve Fund is hereby established as a fund within the General Fund. Notwithstanding any provision of law to the contrary, monies in the Reserve Fund shall not revert at the end of the fiscal year but shall remain available until expended. Monies in the Fund may only be expended to implement the recommendations of the Governor's Task Force; provided, however, that no funds shall be expended until both of the following conditions have been met:

(1) The Department of Health and Human Services shall obtain the prior approval of the Office of State Budget and Management (OSBM) on a detailed implementation plan with key milestones and due dates.
(2) The Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division within 10 days after obtaining the approval required by subdivision (1) of this subsection. The report shall include (i) an explanation of the specific amounts and uses of these funds and (ii) a detailed implementation plan with key milestones, due dates, and expected outcomes.

USE OF DOROTHEA DIX HOSPITAL PROPERTY FUNDS

SECTION 12F.4.(a) It is the intent of the General Assembly to increase short-term, inpatient behavioral health bed capacity in rural areas of the State with the highest need. Toward that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year, the sum of eighteen million dollars ($18,000,000) shall be used to pay for any renovation or building costs associated with the following:

(1) The construction of new licensed short-term, inpatient behavioral health beds.
(2) The conversion of existing inpatient acute care beds into licensed short-term, inpatient behavioral health beds.
(3) A combination of subdivision (1) and subdivision (2) of this subsection.

SECTION 12F.4.(b) The Secretary shall select hospitals in the three State regions for institutional services (Eastern Region, Central Region, and Western Region) to receive funds allocated under subsection (a) of this section for the construction, conversion, or both of short-term, inpatient behavioral health beds in rural areas of the State. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, each selected rural hospital that receives funds allocated under subsection (a) of this section shall be allowed to construct new or convert unused acute care
beds into licensed, inpatient behavioral health beds without undergoing certificate of need review by the Division of Health Service Regulation. All newly constructed or converted beds shall be subject to existing licensure laws and requirements. As a condition of receiving these funds, each selected rural hospital shall reserve at least fifty percent (50%) of the constructed or converted beds for (i) purchase by the Department under the State-administered, three-way contract and (ii) referrals by local management entities/managed care organizations (LME/MCOs) of individuals who are indigent or Medicaid recipients. Any hospital unit or other location with short-term, inpatient behavioral health beds constructed or converted with funds allocated under subsection (a) of this section shall be named in honor of Dorothea Dix.

SECTION 12F.4.(c) If the Department approves a request submitted by a rural hospital selected to receive funds allocated under subsection (a) of this section to include within its hospital license a facility, premises, building, outpatient clinic, or other location in an immediately adjoining county with a population of at least 60,000 based on the latest official United States census, as permitted under G.S. 131E-177(e1), as enacted by Section 12G.3 of this act, then the Secretary shall allocate funds to that hospital for the construction or conversion of a sufficient number of additional beds to ensure that, within the three-year period following approval of such request, the hospital has a total inventory of at least 18 licensed and operational short-term, inpatient behavioral health beds. Notwithstanding the State Medical Facilities Plan, Article 9 of Chapter 131E of the General Statutes, or any other provision of law to the contrary, these additional short-term, inpatient behavioral health beds shall be exempt from certificate of need review. The hospital unit or other location in which these additional short-term, inpatient behavioral health beds are located shall be named in honor of Dorothea Dix.

SECTION 12F.4.(d) Beginning November 1, 2017, the Department of Health and Human Services shall annually report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the number and location of additional licensed short-term, inpatient behavioral health beds brought into operation with funds allocated under subsection (a) of this section. By December 1, 2020, the Department shall submit a report that includes a proposal for funding the recurring operating costs of these additional beds from a source or sources other than the Dorothea Dix Hospital Property Funds, including the identification of potential new funding sources.

SECTION 12F.4.(e) It is the intent of the General Assembly to increase the number of facility-based crisis centers in North Carolina for children and adolescents. Toward that end, of the funds appropriated from the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1) to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year, the sum of two million dollars ($2,000,000) shall be used to support traumatic brain injury (TBI) services as follows:

1. The sum of three hundred fifty-nine thousand two hundred eighteen dollars ($359,218) shall be used to fund contracts with the Brain Injury Association of North Carolina, Carolinas Rehabilitation, or other appropriate service providers.
The sum of seven hundred ninety-six thousand nine hundred thirty-four dollars ($796,934) shall be used to support residential programs across the State that are specifically designed to serve individuals with TBI.

The sum of one million two hundred sixteen thousand nine hundred thirty-four dollars ($1,216,934) shall be used to support requests submitted by individual consumers for assistance with residential support services, home modifications, transportation, and other requests deemed necessary by the consumer's local management entity and primary care physician."

IMPROVE CONTROLLED SUBSTANCES REPORTING SYSTEM ACCESS AND UTILIZATION

SECTION 12F.6. G.S. 90-113.74, as amended by Section 12F.16(d) of S.L. 2015-241, reads as rewritten:

"§ 90-113.74. Confidentiality.

(f) The Department shall, on a quarterly basis, purge from the controlled substances reporting system database all information more than six years old. The Department shall maintain in a separate database all information purged from the controlled substances reporting system database pursuant to this subsection and may release data from that separate database only as provided in subsection (d) of this section.

CONTROLLED SUBSTANCES REPORTING SYSTEM IMPROVEMENTS

SECTION 12F.7.(a) It is the intent of the General Assembly to improve the security, functionality, and interface capabilities of the Controlled Substances Reporting System (CSRS), thereby improving the system's data management and advanced analytics capabilities. Toward that end, funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMH/DD/SAS), for the 2016-2017 fiscal year for the CSRS shall be used as follows:

(1) Six hundred thousand dollars ($600,000) in nonrecurring funds shall be used to upgrade the CSRS database to meet the most current architecture standards of the American Society for Automation in Pharmacy and Prescription Monitoring Information Exchange (PMIX). The upgrade shall be designed to facilitate connectivity with controlled substances reporting systems in surrounding states and the statewide health information exchange network in this State, while protecting the privacy of patient information stored in the system in a manner consistent with federal and State laws. The upgraded database shall be hosted within the Department of Information Technology.

(2) Three hundred seventy-five thousand dollars ($375,000) in recurring funds and six hundred fifty-three thousand four hundred dollars ($653,400) in nonrecurring funds shall be used to pay for contractual hours to develop and implement software for the performance of advanced analytics within the CSRS in order to achieve the purposes specified in G.S. 90-113.71 and, more specifically, to accomplish at least all of the following:

a. To enhance and automate reports solicited by persons or entities authorized under G.S. 90-113.74.

b. To enhance the Department's ability to provide data to persons or entities authorized to receive information under G.S. 90-113.74.

c. To aggregate data sources, including those available through the Government Data Analytics Center (GDAC), relevant to the identification of unusual prescribing patterns or behavior indicative of abuse, addiction, or criminal activity.
In improving the CSRS as specified in subdivision (2) of this subsection, the DMH/DD/SAS shall utilize subject matter expertise and technology available through existing GDAC public-private partnerships. Upon development and implementation of the advanced analytics software for the CSRS, the DMH/DD/SAS shall coordinate with the Division of Public Health and any other appropriate division within the Department of Health and Human Services to ensure that advanced analytics are performed in a manner that achieves the purposes specified in G.S. 90-113.71.

SECTION 12F.7.(b) By December 1, 2016, the Department shall execute all contractual agreements and interagency data sharing agreements necessary to complete the improvements to the CSRS described in subdivision (2) of subsection (a) of this section.

SECTION 12F.7.(c) Article 5E of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-113.74A. Mandatory prescriber registration for access to controlled substances reporting system.

Within 30 days after obtaining an initial or renewal license that confers the authority to prescribe a controlled substance for the purpose of providing medical care for a patient, the licensee shall demonstrate to the satisfaction of the licensing board that he or she is registered for access to the controlled substances reporting system. A violation of this section may constitute cause for the licensing board having jurisdiction over the licensee to suspend or revoke the license."

SECTION 12F.7.(d) G.S. 90-113.74A, as enacted by subsection (c) of this section, becomes effective on the date the State Chief Information Officer notifies the Revisor of Statutes that (i) the upgrades to the CSRS database described in subdivisions (1) and (2) of subsection (a) of this section have been completed and (ii) the upgraded CSRS database is fully operational within the Department of Information Technology and connected to the statewide health information exchange, and it applies to acts committed on or after that date. The remainder of this section becomes effective July 1, 2016.

EXPANDED USE OF FUNDS FOR INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 12F.9. Subsection (a) of Section 12F.1 of S.L. 2015-241 reads as rewritten:

"SECTION 12F.1.(a) Use of Funds. – Of the funds appropriated in Section 2.1 of this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for crisis services, the sum of forty million five hundred eighty-three thousand three hundred ninety-four dollars ($40,583,394) for the 2015-2016 fiscal year and the sum of forty million five hundred eighty-three thousand three hundred ninety-four dollars ($40,583,394) for the 2016-2017 fiscal year shall be used to purchase additional new or existing local inpatient psychiatric beds or bed days not currently funded by or through LME/MCOs. The Department shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by the Department. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance abuse services may be used to purchase additional local inpatient psychiatric beds or bed days. Funds designated in this subsection for the purchase of local inpatient psychiatric beds or bed days shall not be used to supplant other funds appropriated or otherwise available to the Department for the purchase of inpatient psychiatric services through contracts with local hospitals.

The Department may use up to ten percent (10%) of the funds allocated in this subsection for the 2016-2017 fiscal year for the State's three-way contracts to pay for facility-based crisis
services and non-hospital detoxification services for individuals in need of these services, regardless if the individuals are medically indigent, as defined in subsection (b) of this section.”

STRATEGIC PLAN FOR IMPROVEMENT OF BEHAVIORAL HEALTH SERVICES

SECTION 12F.10.(a) The General Assembly finds that behavioral health services within the State are fragmented and a statewide comprehensive plan is necessary to ensure that individuals with behavioral health needs are timely served in the most appropriate settings and with the most appropriate services in order to achieve the best possible outcomes. The General Assembly further finds the absence of a statewide strategic plan that defines, coordinates, and facilitates the allocation of resources for needed services is an obstacle to improving the desired outcomes for behavioral health services in this State. It is the intention of the General Assembly to improve the delivery and coordination of behavioral health services across the State by targeting State resources to identified needs of covered populations and to treatments and services most effective at producing positive, measurable outcomes.

SECTION 12F.10.(b) By January 1, 2018, the Department of Health and Human Services shall develop and submit to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC HealthChoice, and the Fiscal Research Division a strategic statewide plan to improve the efficiency and effectiveness of State-funded behavioral health services. The plan shall include at least all of the following:

1. Identification of the Division that will (i) assume lead responsibility for the organization and delivery of publicly funded behavioral health services and (ii) define the current and future roles and responsibilities of local management entities/managed care organizations (LME/MCOs) with respect to the organization and delivery of publicly funded behavioral health services.

2. A process for ensuring that all State contracts with behavioral health providers and managed care organizations responsible for managing Medicaid behavioral health services (including LME/MCOs) contain goals for overall behavioral health services, along with specific measurable outcomes for all publicly funded mental health, developmental disabilities, substance abuse, and traumatic brain injury services.

3. A statewide needs assessment for mental health, developmental disabilities, substance abuse, and traumatic brain injury services by county and type of service, broken down by the source of funding. The needs assessment must include a defined service continuum to address identified needs for targeted populations.

4. Specific solvency standards to be incorporated into State contracts with LME/MCOs that define appropriate cash balances, predictors for sustainability, and measures for performance that the LME/MCOs will monitor and report to the Department on a monthly, quarterly, and annual basis.

5. Any other component the Department deems necessary to achieve the goal of improving the effective and efficient delivery and coordination of publicly funded behavioral health services across the State.

SECTION 12F.10.(c) The Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice shall each establish a subcommittee on Behavioral Health Services. The subcommittees shall meet jointly to do the following:

1. Oversee the Department's development of the strategic plan required by subsection (b) of this section.

2. Review the strategic plan developed by the Department in accordance with subsection (b) of this section, including a review of all performance-related
goals and measures for the delivery of mental health, developmental disabilities, substance abuse, and traumatic brain injury services.

(3) Review consolidated monthly, quarterly, and annual reports and analyses of behavioral health services funded by Medicaid and State-only appropriations.

The subcommittees shall jointly make recommendations about the areas of oversight and review described in subdivisions (1) through (3) of this subsection and report their findings and recommendations to their respective committees. In conducting the required oversight and review, the subcommittees may seek input from other states, stakeholders, and national experts as they deem necessary in conducting their examination and developing their recommendations.

SECTION 12F.10.(d) This section is effective when it becomes law.

SUBPART XII-G. DIVISION OF HEALTH SERVICE REGULATION

MORATORIUM ON HOME CARE AGENCY LICENSES FOR IN-HOME AIDE SERVICES

SECTION 12G.1.(a) Section 12G.4(a) of S.L. 2014-100 reads as rewritten:

"SECTION 12G.4.(a) For the period commencing on the effective date of this section, and ending June 30, 2016, June 30, 2019, and notwithstanding the provisions of the Home Care Agency Licensure Act set forth in Part 3 of Article 6 of Chapter 131E of the General Statutes or any rules adopted pursuant to that Part, the Department of Health and Human Services shall not issue any licenses for home care agencies as defined in G.S. 131E-136(2) that intend to offer in-home aide services. This prohibition does not apply to companion and sitter companion, sitter, or respite services and shall not restrict the Department from doing any of the following:

(1) Issuing a license to a certified home health agency as defined in G.S. 131E-176(12) that intends to offer in-home aide services.
(2) Issuing a license to an agency that needs a new license for an existing home care agency being acquired.
(3) Issuing a license for a new home care agency in any area of the State upon a determination by the Secretary of the Department of Health and Human Services that increased access to care is necessary in that area."

SECTION 12G.1.(b) This section is effective when it becomes law.

ADULT CARE HOME COST REPORTING

SECTION 12G.2. G.S. 131D-4.2 reads as rewritten:

"§ 131D-4.2. Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
(a) Except for family care homes, adult care homes with a licensed capacity of seven to twenty beds, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes, and to Chapter 131E of the General Statutes, shall submit audited reports of actual costs to the Department at least every two years in accordance with rules adopted by the Department under G.S. 143B-10. For years in which an audited report of actual costs is not required, an annual cost report shall be submitted to the Department in accordance with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under Chapter 131D of the General Statutes that have special care units shall include in reports required under this subsection cost reports specific to the special care unit and shall not average special care costs with other costs of the adult care home.

(b) Except for family care homes, adult care homes with a licensed capacity of twenty-one beds or more, which are licensed pursuant to this Chapter, to Chapter 122C of the General Statutes, and to Chapter 131E of the General Statutes, shall submit annual audited reports of actual costs at least every two years to the Department of Health and Human Services, in accordance with rules adopted by the Department under G.S. 143B-10. Adult care homes licensed under Chapter 131D of the General Statutes that have special care units shall
include in the reports required under this subsection cost reports specific to the special care unit and shall not average special care costs with other costs of the adult care home.

(c) Repealed by Session Laws 1999-334, s. 3.1.

(d) Facilities that do not receive State/County Special Assistance or Medicaid personal care are exempt from the reporting requirements of this section.

(e) Except as otherwise provided in this subsection, the annual reporting period for facilities licensed pursuant to this Chapter or Chapter 131E of the General Statutes shall be October 1 through September 30, with the annual report due by the following December 31, unless the Department determines there is good cause for delay. The annual report for combination facilities and free-standing adult care home facilities owned and operated by a hospital shall be due 15 days after the hospital's Medicare cost report is due. The annual report for combination facilities not owned and operated by a hospital shall be due 15 days after the nursing facility's Medicaid cost report is due. The annual reporting period for facilities licensed pursuant to Chapter 122C of the General Statutes shall be July 1 through June 30, with the annual report due by the following December 31, unless the Department determines there is good cause for delay. Under this subsection, good cause is an action that is uncontrollable by the provider. The Department shall establish specific reporting deadlines for each type of facility required to report under this section. If the Department finds good cause for delay, it may extend the deadline for filing a report for up to an additional 30 days.

(f) The Department shall have the authority to conduct audits and review audits submitted pursuant to subsections (a), (b), and (c) above.

(g) The Department shall suspend admissions to facilities that fail to submit annual reports by December 31, or by the applicable reporting deadline or by the date established by the Department when good cause for delay is found pursuant to G.S. 131D-4.2(e). Suspension of admissions shall remain in effect until reports are submitted or licenses are suspended or revoked under subdivision (2) of this subsection. The Department may take either or both of the following actions to enforce compliance by a facility with this section, or to punish noncompliance:

(1) Seek a court order to enforce compliance;

(2) Suspend or revoke the facility's license, subject to the provisions of Chapter 150B of the General Statutes.

(h) The report documentation shall be used to adjust the adult care home rate annually, at least every two years, an adjustment that is in addition to the annual standard adjustment for inflation as determined by the Office of State Budget and Management. Rates for family care homes shall be based on market rate data. The Secretary of Health and Human Services shall adopt rules for the rate-setting methodology and audited cost reports in accordance with G.S. 143B-10."

**FACILITIES INCLUDED UNDER SINGLE HOSPITAL LICENSE**

**SECTION 12G.3(a)** G.S. 131E-77 is amended by adding a new subsection to read:

"(e1) Any license issued by the Department shall include only facilities, premises, buildings, outpatient clinics, and other locations (i) operated by the hospital within a single county and (ii) operated by the hospital in an immediately adjoining county; provided, however, that facilities, premises, buildings, outpatient clinics, and other locations operated by a hospital in an immediately adjoining county shall only be included within the same hospital license if the applicant hospital demonstrates all of the following to the satisfaction of the Department:

(1) There was previously only one hospital licensed by the Department and providing inpatient services in the immediately adjoining county.

(2) The licensed inpatient hospital in the immediately adjoining county described in subdivision (1) of this subsection closed or otherwise ceased providing services to patients no more than three years prior to the date the
applicant hospital first applied to license a facility, premises, building, outpatient clinic, or location in such immediately adjoining county.

If the Department approves an applicant hospital's request to include within its hospital licensure an initial facility, premises, building, outpatient clinic, or other location in an immediately adjoining county, then any other designated facilities, premises, buildings, outpatient clinics, or other locations thereafter developed and operated by the applicant in such immediately adjoining county in accordance with applicable law may also be included within and covered by the license issued to the applicant by the Department."

SECTION 12G.3.(b) This section is effective when it becomes law.

REPEAL OF CERTIFICATE OF PUBLIC ADVANTAGE LAWS

SECTION 12G.4.(a) Section 6 of S.L. 2015-288 reads as rewritten:

"SECTION 6. Section 4 of this act is effective January 1, 2018. September 30, 2016. The remainder of this act is effective when it becomes law."

SECTION 12G.4.(b) Notwithstanding subsection (a) of this section or any other provision of law to the contrary, each party to a cooperative agreement for which a certificate of public advantage was issued prior to September 30, 2016, shall submit a report to the Department of Health and Human Services and the Attorney General on its activities pursuant to the cooperative agreement through September 30, 2017. The report shall include at least all of the following:

(1) A description of the activities conducted pursuant to the agreement.
(2) Price and cost information.
(3) The nature and scope of its activities pursuant to the agreement through September 30, 2017, and the likely effect of those activities.
(4) Any additional information requested by the Department or the Attorney General.

SUBPART XII-H. DIVISION OF MEDICAL ASSISTANCE (MEDICAID)

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 12H.1. Section 12H.10(b) of S.L. 2015-241 reads as rewritten:

"SECTION 12H.10.(b) For the 2015-2016 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine million dollars ($139,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2016-2017 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred thirty-nine forty-seven million dollars ($139,000,000) ($147,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals which are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to DHHS will be made from nonfederal resources in an amount equal to the amount of the payments from the Division of Medical Assistance for uncompensated care. The treatment of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225."

MEDICAID RECOVERY AND ABLE ACCOUNTS

SECTION 12H.2.(a) G.S. 147-86.73 is amended by adding a new subsection to read:

"(g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLE Account application form approved in accordance with G.S. 147-86.71(b)(1) shall include notice of the State's right under subsection (e) of this section to file a claim for payment from a designated beneficiary's ABLE account following the death of a beneficiary who received medical assistance benefits."

SECTION 12H.2.(b) G.S. 147-86.73(g) is repealed.
SECTION 12H.2.(c) This section is effective when it becomes law.

MEDICAID AND HEALTH CHOICE PROVIDER SCREENING
SECTION 12H.3.(a) G.S. 108C-3 reads as rewritten:
...
(g) High Categorical Risk Provider Types. – The following provider types are hereby designated as "high" categorical risk:
...
(10) Providers that were excluded, or whose owners, operators, or managing employees were excluded, by the U.S. Department of Health and Human Services Office of Inspector General, the Medicare program, or another state's Medicaid program or Children's Health Insurance Program within the previous 10 years.
...
(j) For out-of-state providers, the Department may rely on the results of the provider screening performed by the Medicaid agencies or Children’s Health Insurance Program for Children agencies of other states."

SECTION 12H.3.(b) This section is effective when it becomes law.

CONTRACT TO RECOVER CERTAIN OVERPAYMENTS AND REPORTING ON PREPAYMENT FRAUD
SECTION 12H.3A.(a) No later than October 1, 2016, the Department of Health and Human Services, Division of Medical Assistance, shall issue a request for proposals (RFP) to recover Medicaid and NC Health Choice overpayments to providers when the total amount owed to the State by the provider is less than one hundred fifty dollars ($150.00). The RFP shall specify that payment under the contract shall be made only in the form of a contingent fee. The contingent fee shall be set at a percentage of the State share of the final overpayment, as defined in G.S. 108C-2(5), that is recovered.

SECTION 12H.3A.(b) No later than October 1, 2016, the Department of Health and Human Services, Division of Medical Assistance, shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on a strategy for identifying and addressing prepayment fraud.

CLARIFY DHHS AUTHORITY TO ADMINISTER MEDICAID AND NC HEALTH CHOICE PROGRAMS
SECTION 12H.4. G.S. 108A-54(e) reads as rewritten:
"(e) The Secretary of the Department of Health and Human Services, through the Division of Health Benefits, Services shall have the following powers and duties:
(1) Administer and operate the Medicaid and NC Health Choice programs, provided that the total expenditures, net of agency receipts, do not exceed the authorized budget for each program, the Medicaid program, and NC Health Choice program. None of the powers and duties enumerated in the other subdivisions of this subsection shall be construed to limit the broad grant of authority to administer and operate the Medicaid and NC Health Choice programs.
...."

EXPAND SUPPORT FOR PATIENTS WITH ALZHEIMER'S DISEASE AND THEIR FAMILIES THROUGH COMMUNITY ALTERNATIVES PROGRAM FOR DISABLED ADULTS WAIVER SLOTS
SECTION 12H.5.(a) The Department of Health and Human Services, Division of Medical Assistance, shall amend the North Carolina Community Alternatives Program for
Disabled Adults (CAP/DA) waiver to increase the number of slots available under the waiver by a maximum of 320 slots. These additional slots shall be made available on January 1, 2017.

**SECTION 12H.5.(b)** Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, one million five hundred thousand dollars ($1,500,000) for fiscal year 2016-2017 shall be used to fund these additional slots.

**INCREASE NURSING RATES FOR COMMUNITY ALTERNATIVES PROGRAM FOR CHILDREN**

**SECTION 12H.6.** The Department of Health and Human Services, Division of Medical Assistance, shall increase by ten percent (10%) the rate paid to registered nurses and licensed practical nurses for the provision of nursing services covered by the Community Alternatives Program for Children.

**REMOVE SUNSET ON MEDICAID ELIGIBILITY/COLA DISREGARD**

**SECTION 12H.7.** Section 10.6(c) of S.L. 2012-142 reads as rewritten:

"**SECTION 10.6.(c)** Subsection (a) of this section becomes effective January 1, 2013. The remainder of this section is effective when it becomes law. G.S. 108A-51.4, as enacted by subsection (a) of this section, expires on December 31, 2017."

**STUDIES TO BE CONDUCTED BY THE DIVISION OF MEDICAL ASSISTANCE**

**SECTION 12H.8.(a)** The Department of Health and Human Services, Division of Medical Assistance (Department), shall study the impact of covering, without cost-sharing, all of the adult preventive services recommended by the U.S. Preventive Services Task Force (USPSTF) and Centers for Disease Control and Prevention's Advisory Committee on Immunization Practices (ACIP) in order to qualify for a one percentage point increase in the federal Medicaid assistance percentage for preventative services. At a minimum, the study shall include the following:

1. Consideration of all of the adult preventive services recommended by USPSTF and ACIP.
2. Identification of the adult preventive services recommended by USPSTF and ACIP that are currently not provided as part of the Medicaid program and to which eligibility group the service coverage applies.
3. For the adult preventive services currently covered, whether any cost-sharing is required.
4. The cost of adding any of the adult preventive services without cost-sharing identified in subdivision (2) of this subsection.
5. The cost of the elimination of any cost-sharing requirements identified in subdivision (3) of this subsection.
6. The benefit to the State of receiving a one percentage point increase in the federal Medicaid assistance percentage for the adult preventive services recommended by USPSTF and ACIP.

**SECTION 12H.8.(b)** The Department shall study the adequacy of existing Medicaid rates paid for residential treatment services considering data collected in concert with residential treatment providers within the past two years and any other information available to the Department related to the following:

1. Current rates for the following services described in Subchapter G of Chapter 27 of Title 10A of the North Carolina Administrative Code:
   a. Residential treatment for children or adolescents provided in accordance with Section .1300 of that Subchapter.
   b. Residential treatment staff secure for children or adolescents provided in accordance with Section .1700 of that Subchapter.
   c. Intensive residential treatment for children or adolescents provided in accordance with Section .1800 of that Subchapter.
(d) Psychiatric residential treatment for children or adolescents provided in accordance with Section .1900 of that Subchapter.

(e) Community respite services for individuals of all disability groups provided in accordance with Section .5100 of that Subchapter.

(f) Supervised living for individuals of all disability groups provided in accordance with Section .5600 of that Subchapter.

(2) Current rates for services delivered in a psychiatric residential treatment facility to children under the age of 21 and covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8D-1.

(3) Current rates for services delivered in a residential treatment facility to children under the age of 21 and covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8D-2.

(4) Current rates for services covered by Medicaid and NC Health Choice pursuant to Clinical Coverage Policy 8P that may be reimbursed when delivered in a residential treatment facility.

(5) Current rates for other publicly funded services or programs that compliment residential treatment services including, at a minimum, the following:

(a) State-County Special Assistance.

(b) Room and board for children, adolescent, and adult residential treatment services of all disability groups.

(c) Respite services for all disability groups.

(d) Therapeutic leave for all disability groups.

(e) State-funded supports.

(f) Transportation.

(6) The increase in cost to residential treatment programs as a result of recent changes to the home and community-based services waiver requirements.

SECTION 12H.8.(c) Should the Department, as a result of the study undertaken pursuant to subsection (a) of this section, adjust any rates, make any changes to services provided or cost-sharing requirements, or submit any State Plan amendments or requests to the Centers for Medicare and Medicaid, the Department shall submit a report detailing the changes made to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division no later than 30 days after implementation of the changes.

STUDY MEDICAID COVERAGE FOR SCHOOL-BASED HEALTH SERVICES

SECTION 12H.9. The Department of Health and Human Services, Division of Medical Assistance (Department), shall conduct a study to identify all school-based health services that are eligible for Medicaid federal matching funds pursuant to federal Medicaid law and regulations but which currently are not reimbursable under North Carolina's Medicaid State Plan. No later than November 1, 2016, the Department shall submit to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division a report containing the following information related to each school-based health service identified:

(1) An analysis of the fiscal impact both to the Department and to all local education agencies of adding Medicaid coverage for the school-based health service.

(2) A description of any plans for adding coverage for the school-based health service, including the anticipated time line for submission of any State Plan Amendments to the Centers for Medicare and Medicaid Services.

STUDY INNOVATIONS WAIVER TO ADDRESS THE WAITLIST AND FEDERAL CHANGES

SECTION 12H.11. The Joint Legislative Oversight Committee on Medicaid and NC Health Choice shall study policy issues pertaining to the delivery of services for people
with intellectual and developmental disabilities. The study shall, at a minimum, include all of
the following:

1. The causes and potential solutions for the growing waitlist for NC Innovations Waiver slots. Potential solutions to be studied include the following:
   a. Increasing the funding for the 1915(c) Innovations Waiver to result in more individuals served.
   b. Creating new support waiver slots as recommended in the March 2015 “Study Additional 1915(c) Waiver” report from the Department of Health and Human Services, Division of Medical Assistance, to the Joint Legislative Oversight Committee for Health and Human Services.
   c. Utilizing a 1915(i) waiver option and exploring how the 1115 waiver required for Medicaid transformation may assist in addressing current waitlist for services.

2. Issues surrounding single-stream funding and how single-stream funding is used to support services for people with intellectual and developmental disabilities.

3. Multiple federal mandates that will directly impact current services and supports for people with intellectual and developmental disabilities, including Home and Community-Based Services changes, the Work Force Innovations and Opportunities Act, and changes under section 14(c) of the federal Fair Labor Standards Act.

4. The coverage of services for the treatment of autism, including any State Plan amendment needed to address guidance issued by the Centers for Medicare and Medicaid Services.

The Committee shall report its findings and any legislative proposals pertaining to services for individuals with intellectual and developmental disabilities to the 2017 General Assembly.

MEDICAID GRADUATE MEDICAL EDUCATION PAYMENTS

SECTION 12H.12. It is the intent of the General Assembly to explore all possible funding options to maintain or expand reimbursement for Graduate Medical Education.

RATES PAID TO FEDERALLY QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS

SECTION 12H.13. Effective July 1, 2016, and within existing funds, the Department of Health and Human Services, Division of Medical Assistance, shall adjust the rates for core services paid to Federally Qualified Health Centers and Rural Health Clinics to more appropriately reflect the costs of these services in accordance with federal statutes and guidance.

EVALUATE MEDICAID AND NC HEALTH CHOICE BEHAVIORAL HEALTH PROVIDER CLASSIFICATION

SECTION 12H.15. The Department of Health and Human Services, Division of Medical Assistance (Department), in collaboration with statewide behavioral health stakeholders, shall evaluate the classification of agencies providing behavioral health services, other than Critical Access Behavioral Health Agencies (CABHAs), as high categorical risk provider types in accordance with G.S. 108C-3(g)(2) and propose an evaluation tool to be used to classify the categorical risk of different categories of behavioral health agencies. The Department shall consider current federal and State law and include any recommended legislative changes. By December 1, 2016, the Department shall report its findings and recommendations to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice.
COMPLETION OF PERFORMANCE AUDIT OF COUNTY DEPARTMENTS OF SOCIAL SERVICES' ADMINISTRATION OF MEDICAID PROGRAM

SECTION 12H.16. Section 11.5(c) of S.L. 2015-7 reads as rewritten:

"SECTION 11.5.(c) The State Auditor shall submit a preliminary report on the performance audit required by this section to the Joint Legislative Oversight Committee on Health and Human Services and to the Fiscal Research Division by June 1, 2015, and shall complete the performance audit by December 31, 2016. The Department of Health and Human Services and county departments of social services shall give the State Auditor full access to all data necessary to complete the audit and the report."

MEDICAID ELIGIBILITY DETERMINATION TIMELINESS

SECTION 12H.17.(a) The Department of Health and Human Services, Division of Medical Assistance (DHHS), shall submit a report annually for the 2015-2016 and 2016-2017 fiscal year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division containing the following information:

1. The annual statewide percentage of Medicaid applications processed in a timely manner for the fiscal year.
2. The statewide average number of days to process Medicaid applications for each month in the fiscal year.
3. The annual percentage of Medicaid applications processed in a timely manner by each county department of social services for the fiscal year.
4. The average number of days to process Medicaid applications for each month for each county department of social services.
5. The number of months during the fiscal year that each county department of social services met the timely processing standards in Part 10 of Article 2 of Chapter 108A of the General Statutes.
6. The number of months during the fiscal year that each county department of social services failed to meet the timely processing standards in Part 10 of Article 2 of Chapter 108A of the General Statutes.
7. A description of all corrective action activities conducted by DHHS and county departments of social services in accordance with G.S. 108A-70.36.
8. A description of how DHHS plans to assist county departments of social services in meeting timely processing standards for Medicaid applications, for every county in which the performance metrics for processing Medicaid applications in a timely manner do not show significant improvement compared to the previous fiscal year.


SECTION 12H.17.(b) Article 2 of Chapter 108A of the General Statutes is amended by adding a new Part to read:


If a federally recognized Native American tribe within the State has assumed responsibility for the Medicaid program pursuant to G.S. 108A-25(e), then this Part applies to the tribe in the same manner as it applies to county departments of social services.

§ 108A-70.32. Timely decision standards.
The county department of social services shall render a decision on an individual's application for Medicaid within 45 calendar days from the date of application, except for applications in which a disability determination has already been made or is needed. For those applications, the county department of social services shall render a decision on an individual's eligibility within 90 calendar days from the date of application."
§ 108A-70.33. Timely processing standards.

(a) The Department shall require counties to comply with timely processing standards. The timely processing standards are the average processing time standards and the percentage processed timely standards set forth in G.S. 108A-70.34 and G.S. 108A-70.35. The Department shall monitor county department of social services’ compliance with these standards in accordance with this Part.

(b) For purposes of this Part, processing time is the number of days between the date of application and the date of disposition of the application, except in cases where an eligibility determination is dependent upon receipt of information related to one or more of the following:

1. Medical expenses sufficient to meet a deductible.
2. The applicant's need for institutionalization.
3. The applicant's plan of care for the home- and community-based waivers.
4. The disability decision made by the Disability Determination Services Section of the Division of Vocational Rehabilitation of the Department.
5. Medical records needed to determine emergency dates for nonqualified aliens.
6. The applicant's application or other information from the federally facilitated marketplace.
7. The applicant's application or other information in connection with an application for a Low Income Subsidy for Medicare prescription drug coverage.

In these cases, processing time shall exclude the number of days between the date when the county determines all eligibility criteria other than the criteria in subdivisions (1) through (7) of this subsection and the date when the county receives the information related to the criteria in subdivisions (1) through (7) of this subsection.

(c) Processing times for the following types of cases shall be excluded from the calculation of the average processing time and percent processed timely:

1. Newborns who are automatically enrolled based on their mother's eligibility.
2. Applications for individuals who are presumptively eligible for Medicaid.
3. Active cases in which an individual who is eligible for one program is transferred to another program, regardless of whether the transfer occurs between allowable or nonallowable program categories.
4. Cases in which an individual transfers from an open case to another case, including establishing a new administrative case for the individual.
5. Actions to post eligibility to a terminated or denied case within one year of the termination or denial.
6. Cases that are reopened because they were terminated in error or because reopening of the terminated case is allowed by policy.
7. Cases in which the eligibility decision was appealed and the decision was reversed or remanded.

(d) The Department may, in its discretion, exclude days, other than those required by subsection (b) of this section, from the calculation of processing time under this section if the Department determines that the delay was caused by circumstances outside the control of county departments of social services. The Department also may, in its discretion, exclude types of cases, other than those described in subsection (c) of this section, from the calculation of processing time. When the Department exercises its discretion pursuant to this subsection, the Department's determination regarding circumstances outside the control of county departments of social services and the Department's decision to exclude types of cases shall be applied uniformly to all county departments of social services.

§ 108A-70.34. Average processing time standards.

(a) Average processing time is calculated by finding the processing time for each case that received a disposition during a given month and finding the average of those processing times.
(b) The standard for average processing time is 90 days for cases in which the individual has applied for the Medicaid Aid to the Disabled category (M-AD) and 45 days for all other cases.

§ 108A-70.35. Percentage processed timely standards.
(a) Percentage processed timely is the percentage of cases that received a timely disposition in a given month. The percentage processed timely is calculated by expressing the number of cases during a given month with a processing time equal to or less than the standard set in G.S. 108A-70.32 as a percentage of the total cases receiving a disposition during that month. When the deadline for meeting the timely decision standard in G.S. 108A-70.32 falls on a weekend or holiday, an application that receives a disposition on the first workday following the deadline shall be considered timely for purposes of calculating the percentage processed timely.
(b) The Department is authorized to adopt rules to establish a percentage standard for each county department of social services that will be the percentage processed timely standard for that county department of social services. Until the Department adopts rules establishing percentage standards for each county, the percentage processed timely standards are those established in 10A NCAC 23C 0203 as of April 2016.

§ 108A-70.36. Corrective action.
(a) If for any three consecutive months or for any five months out of a period of 12 consecutive months a county department of social services fails to meet either the average processing time standard or the percentage processed timely standard or both standards, the Department and the county department of social services shall enter into a joint corrective action plan to improve the timely processing of applications.
(b) A joint corrective action plan entered into pursuant to this section shall specifically identify the following components:
   (1) The duration of the joint corrective action plan, not to exceed 12 months. If a county department of social services shows measurable progress in meeting the performance requirements in the joint corrective action plan, then the duration of the joint corrective action plan may be extended by six months, but in no case shall a joint corrective action plan exceed 18 months.
   (2) A plan for improving timely processing of applications that specifically describes the actions to be taken by the county department of social services and the Department.
   (3) The performance requirements for the county department of social services that constitute successful completion of the joint corrective action plan.
   (4) Acknowledgement that failure to successfully complete the joint corrective action plan will result in temporary assumption of Medicaid eligibility administration by the Department, in accordance with G.S. 108A-70.37.

§ 108A-70.37. Temporary assumption of Medicaid eligibility administration.
(a) If a county department of social services fails to successfully complete its joint corrective action plan, the Department shall give the county department of social services, the county manager, and the board of social services or the consolidated human services board created pursuant to G.S. 153A-77(b) at least 90 days' notice that the Department intends to temporarily assume Medicaid eligibility administration, in accordance with subsection (b) of this section. The notice shall include the following information:
   (1) The date on which the Department intends to temporarily assume administration of Medicaid eligibility decisions.
   (2) The performance requirements in the joint corrective action plan that the county department of social services failed to meet.
   (3) Notice of the county department of social services' right to appeal the decision to the Office of Administrative Hearings, pursuant to Article 3 of Chapter 150B of the General Statutes.
(b) Notwithstanding any provision of law to the contrary, if a county department of social services fails to successfully complete its joint corrective action plan, the Department shall temporarily assume Medicaid eligibility administration for the county upon giving notice as required by subsection (a) of this section. During a period of temporary assumption of Medicaid eligibility administration, the following shall occur:

1. The Department shall administer the Medicaid eligibility function in the county. Administration by the Department may include direct operation by the Department, including supervision of county Medicaid eligibility workers, or contracts for operation to the extent permitted by federal law and regulations.

2. The county department of social services is divested of Medicaid administration authority.

3. The Department shall direct and oversee the expenditure of all funding for the administration of Medicaid eligibility in the county.

4. The county shall continue to pay the nonfederal share of the cost of Medicaid eligibility administration and shall not withdraw funds previously obligated or appropriated for Medicaid eligibility administration.

5. The county shall pay the nonfederal share of additional costs incurred to ensure compliance with the timely processing standards required by this Part.

6. The Department shall work with the county department of social services to develop a plan for the county department of social services to resume Medicaid eligibility administration and perform Medicaid eligibility determinations in a timely manner.

7. The Department shall inform the county board of commissioners, the county manager, the county director of social services, and the board of social services or the consolidated human services board created pursuant to G.S. 153A-77(b) of key activities and any ongoing concerns during the temporary assumption of Medicaid eligibility administration.

(c) Upon the Department's determination that Medicaid eligibility determinations can be performed in a timely manner based on the standards set forth in G.S. 108A-70.34 and G.S. 108A-70.35 by the county department of social services, the Department shall notify the county department of social services, the county manager, and the board of social services or the consolidated human services board created pursuant to G.S. 153A-77(b) that temporary assumption of Medicaid eligibility administration will be terminated and the effective date of termination. Upon termination, the county department of social services resumes its full authority to administer Medicaid eligibility determinations.

SECTION 12H.17.(c) G.S. 150B-23 is amended by adding a new subsection to read:

"(a5) A county that appeals a decision of the Department of Health and Human Services to temporarily assume Medicaid eligibility administration in accordance with G.S. 108A-70.37 may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article."

SECTION 12H.17(d) The corrective action procedures described in this section supersede the corrective action procedures in 10A NCAC 23C .0204 and 10A NCAC 23C .0205 related to timeliness processing of Medicaid applications by county departments of social services.

SECTION 12H.17(e) The Department of Health and Human Services may adopt and amend rules to implement subsections (b) through (d) of this section.

SECTION 12H.17(f) Subsections (b) through (d) of this section become effective January 1, 2017, and apply to monthly timely processing standards beginning on that date. The remainder of this section becomes effective July 1, 2016.
CRITICAL MEDICAID POSITIONS

SECTION 12H.18. Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of one million one hundred fifty thousand dollars ($1,150,000) shall be transferred to the Division of Health Benefits to be used to fund critical positions in that Division.

SUBPART XII-I. MISCELLANEOUS

STUDY ESTABLISHMENT OF OPTOMETRY SCHOOL AT WINGATE UNIVERSITY

SECTION 12I.1.(a) Wingate University is encouraged to examine and report on or before May 1, 2017, to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the feasibility of establishing an affiliated school of optometry in North Carolina. The report should include at least all of the following:

(1) A breakdown of any projected capital, operational, or other expenditures necessary for establishing and operating an affiliated school of optometry.
(2) A breakdown of all funds available to assist the university with these expenses.
(3) A projected number of applicants for the affiliated school of optometry.
(4) A projection of how a State appropriation in the amount of eight hundred thousand dollars ($800,000) would impact tuition reimbursement for students.

SECTION 12I.1.(b) This section is effective when it becomes law.

SUBPART XII-J. DIVISION OF VOCATIONAL REHABILITATION, SERVICES FOR THE BLIND, AND SERVICES FOR THE DEAF AND HARD OF HEARING

DATA COLLECTION AND SERVICE MANAGEMENT INFORMATION SYSTEM

SECTION 12J.1. The Department of Health and Human Services shall develop and implement a Data Collection and Service Management Information System to replace the current system in use by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office's Touchdown System. Upon approval, funds available in Budget Code 67425, Fund Code 6726, may be budgeted for transfer to Budget Code 24410 for information technology projects in an amount not to exceed seven hundred fifty thousand dollars ($750,000).

CLARIFYING CHANGES/TELECOMMUNICATIONS RELAY SERVICE

SECTION 12J.2. G.S. 62-157 reads as rewritten:

"§ 62-157. Telecommunications relay service."

(4) "Exchange access facility" means the access to a connection from a particular telephone subscriber's premises to the telephone system of a local exchange telephone company, service provider, and includes local exchange company-provided local access lines, private branch exchange trunks, and centrex network access registers, all as defined by tariffs of telephone companies as approved by the Commission, registers.
(d) Funds to Be Deposited in Special Account. – The local service providers shall collect the surcharge from their customers and deposit the moneys collected with the State Treasurer, who shall maintain the funds in an interest-bearing, nonreverting account. After consulting with the State Treasurer, the Commission shall direct how and when the local service providers shall deposit these moneys. Revenues from this fund shall be available only to the Department of Health and Human Services to administer the statewide telecommunications relay service program, including its establishment, operation, and promotion. The Commission may allow the Department of Health and Human Services to use, over a rolling 12-month period, up to four cents (4¢) per exchange access line per month facility of the surcharge for the purpose of providing telecommunications devices for hearing impaired or speech impaired persons, including those who also have vision impairment, through a distribution program. The Commission shall prepare such guidelines for the distribution program as it deems appropriate and in the public interest. Both the Commission and the Public Staff may audit all aspects of the telecommunications relay service program, including the distribution programs, as they do with any public utility subject to the provisions of this Chapter. Equipment paid for with surcharge revenues, as allowed by the Commission, may be distributed only by the Department of Health and Human Services.

SUBPART XII-K. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 12K.1. Section 12I.1 of S.L. 2015-241, as amended by Section 4.6 of S.L. 2015-268, reads as rewritten:

"SECTION 12I.1.(a) Except as otherwise provided, appropriations from federal block grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

Local Program Expenditures

<table>
<thead>
<tr>
<th>Division of Social Services</th>
<th>FY 2015-2016</th>
<th>FY 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Work First Family Assistance</td>
<td>$57,167,454</td>
<td>$57,167,454</td>
</tr>
<tr>
<td>02. Work First County Block Grants</td>
<td>80,093,566</td>
<td>78,073,437</td>
</tr>
<tr>
<td>03. Work First Electing Counties</td>
<td>2,378,213</td>
<td>2,378,213</td>
</tr>
<tr>
<td>04. Adoption Services – Special Children Adoption Fund</td>
<td>2,026,877</td>
<td>2,026,877</td>
</tr>
<tr>
<td>05. Child Protective Services – Child Welfare Workers for Local DSS</td>
<td>9,412,391</td>
<td>9,412,391</td>
</tr>
<tr>
<td>06. Child Welfare Collaborative</td>
<td>632,416</td>
<td>632,416</td>
</tr>
<tr>
<td>06A. Child Welfare Initiatives</td>
<td>0</td>
<td>1,400,000</td>
</tr>
</tbody>
</table>

Division of Child Development and Early Education

<p>| 07. Subsidized Child Care Program                   | 35,248,910   | 37,419,801   |
| 08. Swap Child Care Subsidy                        | 6,352,644    | 6,352,644    |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Budget 1</th>
<th>Budget 2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>08A. Additional One-Time Swap/Child Care Subsidy</td>
<td>0</td>
<td>3,600,000</td>
<td></td>
</tr>
<tr>
<td>09. Pre-K Swap Out</td>
<td>16,829,306</td>
<td>12,333,981</td>
<td>18,764,790</td>
</tr>
<tr>
<td><strong>Division of Public Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Teen Pregnancy Prevention Initiatives</td>
<td>2,950,000</td>
<td>2,950,000</td>
<td></td>
</tr>
<tr>
<td><strong>DHHS Administration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Division of Social Services</td>
<td>2,482,260</td>
<td>2,482,260</td>
<td></td>
</tr>
<tr>
<td>12. Office of the Secretary</td>
<td>34,042</td>
<td>34,042</td>
<td></td>
</tr>
<tr>
<td>14. NC FAST Implementation</td>
<td>1,313,384</td>
<td>1,865,799</td>
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<tr>
<td><strong>Transfers to Other Block Grants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Transfer to the Child Care and Development Fund</td>
<td>71,773,001</td>
<td>71,773,001</td>
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</tr>
<tr>
<td><strong>Division of Social Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Transfer to Social Services Block Grant for Child Protective Services – Training</td>
<td>1,300,000</td>
<td>1,300,000</td>
<td></td>
</tr>
<tr>
<td>17. Transfer to Social Services Block Grant for Child Protective Services</td>
<td>5,040,000</td>
<td>5,040,000</td>
<td></td>
</tr>
<tr>
<td>18. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services</td>
<td>4,148,001</td>
<td>4,148,001</td>
<td>4,500,000</td>
</tr>
<tr>
<td>19. Transfer to Social Services Block Grant – Foster Care Services</td>
<td>1,385,152</td>
<td>1,385,152</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</strong></td>
<td><strong>$303,306,543</strong></td>
<td><strong>$300,982,109</strong></td>
<td><strong>$309,614,155</strong></td>
</tr>
</tbody>
</table>

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS**

**Local Program Expenditures**

**Division of Child Development and Early Education**

<table>
<thead>
<tr>
<th>Program</th>
<th>Budget 1</th>
<th>Budget 2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Subsidized Child Care</td>
<td>29,033,340</td>
<td>28,600,000</td>
<td></td>
</tr>
<tr>
<td>02. Subsidized Child Care Swap Out</td>
<td>4,547,023</td>
<td>0</td>
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</tbody>
</table>

**Division of Social Services**

<table>
<thead>
<tr>
<th>Program</th>
<th>Budget 1</th>
<th>Budget 2</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>03. County Child Welfare Program Improvement Resources</td>
<td>0</td>
<td>603,580</td>
<td></td>
</tr>
</tbody>
</table>
## DHHS Administration

### 04. DSS State Child Welfare Program

Improvement Resources: 0, Increase 400,000

### TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL TANF EMERGENCY CONTINGENCY FUNDS</td>
<td>$33,580,363</td>
<td>$28,600,000</td>
<td>$4,980,363</td>
</tr>
<tr>
<td>TOTAL TANF EMERGENCY CONTINGENCY FUNDS</td>
<td>$29,603,580</td>
<td>$28,600,000</td>
<td>$1,003,580</td>
</tr>
</tbody>
</table>

### SOCIAL SERVICES BLOCK GRANT

Local Program Expenditures

### Divisions of Social Services and Aging and Adult Services

<table>
<thead>
<tr>
<th>Division Name</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. County Departments of Social Services (Transfer From TANF $4,148,001)</td>
<td>$27,335,458</td>
<td>$27,108,324</td>
<td>$227,134</td>
</tr>
<tr>
<td>01A. EBCI Tribal Public Health and Human Services</td>
<td>0</td>
<td>244,740</td>
<td>-244,740</td>
</tr>
<tr>
<td>02. Child Protective Services (Transfer From TANF)</td>
<td>5,040,000</td>
<td>5,040,000</td>
<td>0</td>
</tr>
<tr>
<td>03. State In-Home Services Fund</td>
<td>2,209,023</td>
<td>1,943,950</td>
<td>$265,073</td>
</tr>
<tr>
<td>04. Adult Protective Services</td>
<td>1,245,363</td>
<td>1,245,363</td>
<td>0</td>
</tr>
<tr>
<td>05. State Adult Day Care Fund</td>
<td>2,039,647</td>
<td>1,994,084</td>
<td>$45,563</td>
</tr>
<tr>
<td>06. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program</td>
<td>563,868</td>
<td>563,868</td>
<td>0</td>
</tr>
<tr>
<td>07. Special Children Adoption Incentive Fund</td>
<td>462,600</td>
<td>462,600</td>
<td>0</td>
</tr>
<tr>
<td>08. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)</td>
<td>1,300,000</td>
<td>1,300,000</td>
<td>0</td>
</tr>
<tr>
<td>08A. Child Protective Services – Child Welfare Training for Counties/Mobile Training</td>
<td>0</td>
<td>737,067</td>
<td>-737,067</td>
</tr>
<tr>
<td>09. Home and Community Care Block Grant (HCCBG)</td>
<td>1,788,157</td>
<td>1,696,888</td>
<td>$91,269</td>
</tr>
<tr>
<td>10. Child Advocacy Centers</td>
<td>375,000</td>
<td>375,000</td>
<td>0</td>
</tr>
<tr>
<td>11. Guardianship</td>
<td>4,107,032</td>
<td>4,035,704</td>
<td>$71,328</td>
</tr>
<tr>
<td>12. Foster Care Services (Transfer From TANF)</td>
<td>1,385,152</td>
<td>1,385,152</td>
<td>0</td>
</tr>
</tbody>
</table>

### Division of Central Management and Support

<table>
<thead>
<tr>
<th>Division Name</th>
<th>Current Fiscal Year</th>
<th>Prior Fiscal Year</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. DHHS Competitive Block Grants for Nonprofits</td>
<td>3,852,500</td>
<td>3,852,500</td>
<td>0</td>
</tr>
<tr>
<td>14. NC FAST – Operations and Maintenance</td>
<td>712,324</td>
<td>939,315</td>
<td>-226,991</td>
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</tbody>
</table>
Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

15. Mental Health Services – Adult and Child/Developmental Disabilities Program/Substance Abuse Services – Adult 4,030,730 4,030,730

DHHS Program Expenditures

Division of Services for the Blind

16. Independent Living Program 3,361,323 3,361,323

Division of Health Service Regulation

17. Adult Care Licensure Program 381,087 381,087
18. Mental Health Licensure and Certification Program 190,284 190,284

DHHS Administration

19. Division of Aging and Adult Services 577,745 577,745
20. Division of Social Services 559,109 559,109
21. Office of the Secretary/Controller's Office 127,731 127,731
22. Division of Child Development and Early Education 13,878 13,878
23. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services 27,446 27,446
24. Division of Health Service Regulation 118,946 118,946

TOTAL SOCIAL SERVICES BLOCK GRANT $61,804,403 $61,331,027 $62,420,093

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

Local Program Expenditures

Division of Social Services

01. Low-Income Energy Assistance Program (LIEAP) $40,244,534 $39,303,647 $37,156,492
02. Crisis Intervention Program (CIP) 40,244,534 39,303,647 37,156,492

Local Administration

Division of Social Services

03. County DSS Administration 6,454,961 6,454,964,646,102,324

DHHS Administration

04. Office of the Secretary/DIRM 412,488 412,488
05. Office of the Secretary/Controller's Office 18,378 18,378
06. NC FAST Development 1,075,319 3,381,373

418
Transfers to Other State Agencies

**Department of Environment and Natural Resources (DENR) Environmental Quality (DEQ)**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>07. Weatherization Program</td>
<td>11,847,017</td>
<td>11,570,050</td>
<td>10,937,968</td>
</tr>
<tr>
<td>08. Heating Air Repair and Replacement Program (HARRP)</td>
<td>6,303,514</td>
<td>6,156,147</td>
<td>5,819,833</td>
</tr>
<tr>
<td>09. Local Residential Energy Efficiency Service Providers – Weatherization</td>
<td>475,046</td>
<td>475,046</td>
<td>449,094</td>
</tr>
<tr>
<td>10. Local Residential Energy Efficiency Service Providers – HARRP</td>
<td>252,761</td>
<td>252,761</td>
<td>238,953</td>
</tr>
<tr>
<td>11. DENR-DEQ – Weatherization Administration</td>
<td>475,046</td>
<td>475,046</td>
<td>449,094</td>
</tr>
<tr>
<td>12. DENR-DEQ – HARRP Administration</td>
<td>252,760</td>
<td>252,760</td>
<td>238,952</td>
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</table>

**Department of Administration**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
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<tr>
<td>13. N.C. Commission on Indian Affairs</td>
<td>87,736</td>
<td>87,736</td>
<td>87,736</td>
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**TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
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<tbody>
<tr>
<td></td>
<td>$108,144,094</td>
<td>$108,144,094</td>
<td>$102,449,177</td>
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**CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

Local Program Expenditures

**Division of Child Development and Early Education**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>01. Child Care Services (Smart Start $7,000,000)</td>
<td>$154,278,008</td>
<td>$152,670,856</td>
<td>$157,563,457</td>
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<tr>
<td>02. Electronic Tracking System</td>
<td>1,201,240</td>
<td>401,492</td>
<td>1,601,834</td>
</tr>
<tr>
<td>03. Transfer from TANF Block Grant for Child Care Subsidies</td>
<td>71,773,001</td>
<td>71,773,001</td>
<td>71,773,001</td>
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<tr>
<td>04. Quality and Availability Initiatives (TEACH Program $3,800,000)</td>
<td>26,514,964</td>
<td>26,019,983</td>
<td>35,878,600</td>
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**DHHS Administration**

**Division of Child Development and Early Education**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
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<tr>
<td>05. DCDEEE Administrative Expenses</td>
<td>9,049,505</td>
<td>9,049,505</td>
<td>9,049,505</td>
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**Division of Social Services**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>06. Local Subsidized Child Care Services Support</td>
<td>15,930,279</td>
<td>15,930,279</td>
<td>16,178,301</td>
</tr>
<tr>
<td>06A. Direct Deposit for Child Care Payments</td>
<td>0</td>
<td>969,610</td>
<td>969,610</td>
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<tr>
<td>07. NC FAST Development</td>
<td>186,404</td>
<td>586,152</td>
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**Division of Central Administration**

419
<table>
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<tr>
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<th>Description</th>
<th>Child Care</th>
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<th>Mental Health</th>
<th>Substance Abuse</th>
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<td>TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</td>
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<td>MENTAL HEALTH SERVICES BLOCK GRANT</td>
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<td>Local Program Expenditures</td>
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<td>SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT</td>
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<td>Local Program Expenditures</td>
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<td>03</td>
<td>Substance Abuse Services – Treatment for Children/Adults</td>
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<td>Medication-Assisted Opioid Use Disorder Treatment Pilot</td>
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<td>First Step Farm of WNC, Inc.</td>
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<td>Division of Mental Health, Developmental Disabilities, and Substance Abuse</td>
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<td>04</td>
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07. Crisis Solutions Initiatives – Innovative Technologies 41,000 41,000
08. Crisis Solutions Initiatives – Veteran's Crisis 250,000 250,000

DHHS Administration

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

09. DMH Administration 454,000 454,000
09A. Controlled Substance Reporting System Enhancement 0 150,000

Division of Public Health

10. HIV Testing for Individuals in Substance Abuse Treatment 765,949 765,949

TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT $45,184,839 $45,184,839 $45,842,995

MATERNAL AND CHILD HEALTH BLOCK GRANT

Local Program Expenditures

Division of Public Health

01. Children's Health Services (Safe Sleep Campaign $45,000; Prevent Blindness $560,837; Community-Based Sickle Cell Centers $100,000) $7,574,703 $7,574,703
02. Women's Health (March of Dimes $350,000; Teen Pregnancy Prevention Initiatives $650,000; 17P Project $52,000; Nurse-Family Partnership $509,018; Carolina Pregnancy Care Fellowship $300,000) 6,520,148 6,520,148
03. Oral Health 44,901 44,901
04. Evidence-Based Programs in Counties With Highest Infant Mortality Rates 1,575,000 1,575,000

DHHS Program Expenditures

Division of Public Health

05. Children's Health Services 1,342,928 1,342,928
06. Women's Health – Maternal Health 107,714 107,714
07. State Center for Health Statistics 158,583 158,583
08. Health Promotion – Injury and Violence Prevention 87,271 87,271

421
DHHS Administration
Division of Public Health

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<th>Service Area</th>
<th>Fiscal Year 2016</th>
<th>Fiscal Year 2017</th>
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<tbody>
<tr>
<td>09. Division of Public Health Administration</td>
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**TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT**

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<th>Block Grant</th>
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**PREVENTIVE HEALTH SERVICES BLOCK GRANT**

Local Program Expenditures

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<th>Program Area</th>
<th>Fiscal Year 2016</th>
<th>Fiscal Year 2017</th>
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<tr>
<td>01. Physical Activity and Prevention</td>
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<tr>
<td>02. Injury and Violence Prevention (Set-Aside)</td>
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<td>03. Community-Focused Eliminating Health Disparities Initiative Grants</td>
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DHHS Program Expenditures

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<th>Program Area</th>
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<th>Fiscal Year 2017</th>
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<tbody>
<tr>
<td>04. HIV/STD Prevention and Community Planning</td>
<td>145,819</td>
<td>145,819</td>
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<tr>
<td>05. Oral Health Preventive Services</td>
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<tr>
<td>06. Laboratory Services – Testing, Training, and Consultation</td>
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<tr>
<td>07. Injury and Violence Prevention (Set-Aside)</td>
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<td>08. State Laboratory Services – Testing, Training, and Consultation</td>
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<td>199,634</td>
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<tr>
<td>09. Performance Improvement and Accountability</td>
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<td>768,717</td>
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<tr>
<td>10. State Center for Health Statistics</td>
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**TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT**

<table>
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<th>Block Grant</th>
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<th>Fiscal Year 2017</th>
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**COMMUNITY SERVICES BLOCK GRANT**

Local Program Expenditures

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<th>Program Area</th>
<th>Fiscal Year 2016</th>
<th>Fiscal Year 2017</th>
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</thead>
<tbody>
<tr>
<td>Office of Economic Opportunity</td>
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</table>

422
01. Community Action Agencies $24,047,065 $24,047,065 $21,428,074

02. Limited Purpose Agencies 1,335,948 1,335,948 1,190,448

DHHS Administration

03. Office of Economic Opportunity 1,335,948 1,335,948 1,190,448

TOTAL COMMUNITY SERVICES BLOCK Grant $26,718,961 $26,718,961 $23,808,970

"GENERAL PROVISIONS"

"SECTION 12I.1.(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:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.

(2) A delineation of the proposed State and local administrative expenditures.

(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.

(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.

(5) A projection of current year expenditures by program or activity.

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

"SECTION 12I.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this section, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2015-2016 and 2016-2017, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care in four- or five-star-rated facilities for four-year-old children and shall not be used to supplant State funds.

Before allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

"SECTION 12I.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2017, according to the schedule enacted for State fiscal years 2015-2016 and 2016-2017 or until a new schedule is enacted by the General Assembly.
"SECTION 121.1.(e) All changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management, and the Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing the changes. The report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

"SECTION 121.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those block grants remains the same.

"TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

"SECTION 121.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for the 2015-2016 fiscal year and the sum of seventy-eight million seventy-three thousand four hundred thirty-seven dollars ($78,073,437) eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for the 2016-2017 fiscal year appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

"SECTION 121.1.(h) The sum of nine million four hundred twelve thousand three hundred ninety-one dollars ($9,412,391) appropriated in this section to the Department of Health and Human Services, Division of Social Services, in TANF funds for each year of the 2015-2017 fiscal biennium for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families. Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2015-2016 and 2016-2017 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

"SECTION 121.1.(i) The sum of two million twenty-six thousand eight hundred seventy-seven dollars ($2,026,877) appropriated in this section in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, for each year of the 2015-2017 fiscal biennium shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance
the adoption services program. No local match shall be required as a condition for receipt of these funds.

"SECTION 12I.1.(i) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this section in TANF funds to the Department of Health and Human Services, Division of Social Services, for the 2016-2017 fiscal year shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

"SOCIAL SERVICES BLOCK GRANT"

"SECTION 12I.1.(j) The sum of twenty-seven million three hundred thirty-five thousand four hundred fifty-eight dollars ($27,335,458) for the 2015-2016 fiscal year and the sum of twenty-seven million two hundred fifteen thousand five hundred eighty-three dollars ($27,215,583) for the 2016-2017 fiscal year appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for county block grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

"SECTION 12I.1.(k) The sum of one million three hundred thousand dollars ($1,300,000) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each year of the 2015-2017 fiscal biennium shall be used to support various child welfare training projects as follows:

1. Provide a regional training center in southeastern North Carolina.
2. Provide training for residential child caring facilities.
3. Provide for various other child welfare training initiatives.

"SECTION 12I.1.(l) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

"SECTION 12I.1.(m) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund will require a fifty-percent (50%) local match.

"SECTION 12I.1.(n) The sum of five million forty thousand dollars ($5,040,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 fiscal biennium shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

"SECTION 12I.1.(o) The sum of three million eight hundred fifty-two thousand five hundred dollars ($3,852,500) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Division of Central Management and Support, shall be used for DHHS competitive block grants pursuant to Section 12A.8 of this act for each year of the 2015-2017 fiscal biennium. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

"SECTION 12I.1.(p) The sum of three hundred seventy-five thousand dollars ($375,000) appropriated in this section in the Social Services Block Grant for each year of the 2015-2017 fiscal biennium to the Department of Health and Human Services, Division of Social Services,
shall be used to continue support for the Child Advocacy Centers, and the funds are exempt from the provisions of 10A NCAC 71R .0201(3).

"SECTION 12I.1.(q) The sum of four million one hundred seven thousand thirty-two dollars ($4,107,032) for the 2015-2016 fiscal year and the sum of four million thirty-five thousand seven hundred four dollars ($4,035,704) for the 2016-2017 fiscal year appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Divisions of Social Services and Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds appropriated in this section to support (i) existing corporate guardianship contracts during the 2015-2016 and 2016-2017 fiscal years and (ii) guardianship contracts transferred to the State from local management entities or managed care organizations during the 2015-2016 and 2016-2017 fiscal years.

"SECTION 12I.1.(q1) The sum of seven hundred thirty-seven thousand sixty-seven dollars ($737,067) appropriated in this section in the Social Services Block Grant for the 2016-2017 fiscal year shall be allocated to the Department of Health and Human Services, Division of Social Services. These funds shall be used to assist with training needs for county child welfare training staff and shall not be used to supplant any other source of funding for staff. County departments of social services are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

"LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

"SECTION 12I.1.(r) Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

"SECTION 12I.1.(s) The sum of forty million two hundred forty-four thousand three hundred thirty-four dollars ($40,244,534) for the 2015-2016 fiscal year and the sum of thirty-nine million three hundred three thousand sixty-seven dollars ($39,303,674) thirty-seven million one hundred fifty-six thousand four hundred ninety-two dollars ($37,156,492) for the 2016-2017 fiscal year appropriated in this section in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred thirty percent (130%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

(1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

(2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

(3) Be approved by the local board of social services or human services board prior to submission.
"CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

"SECTION 12I.1.(t) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

"SECTION 12I.1.(u) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

"MENTAL HEALTH SERVICES BLOCK GRANT

"SECTION 12I.1.(v) The sum of six hundred forty-three thousand four hundred ninety-one dollars ($643,491) appropriated in this section in the Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each year of the 2015-2017 fiscal biennium the 2015-2016 fiscal year and the sum of one million four hundred thirty thousand eight hundred fifty-one dollars ($1,430,851) for the 2016-2017 fiscal year is allocated for Mental Health Services – First Psychotic Symptom Treatment. The Division shall report on (i) the specific evidence-based treatment and services provided, (ii) the number of persons treated, and (iii) the measured outcomes or impact on the participants served. The Division shall report to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31, 2016.

"SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

"SECTION 12I.1.(w) The sum of two hundred fifty thousand dollars ($250,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for each year of the 2015-2017 fiscal biennium shall be allocated to the Department of Military and Veterans Affairs, as created in Section 24.1 of this act, to establish a call-in center to assist veterans in locating service benefits and crisis services. The call-in center shall be staffed by certified veteran peers within the Department of Military and Veterans Affairs and trained by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

"SECTION 12I.1.(w1) The sum of five hundred thousand dollars ($500,000) allocated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2016-2017 fiscal year shall be used for a medication-assisted opioid use disorder pilot program.

"MATERNAL AND CHILD HEALTH BLOCK GRANT

"SECTION 12I.1.(x) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2015-2016 fiscal year or the 2016-2017 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4) and (4a). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

"SECTION 12I.1.(y) The Department of Health and Human Services shall ensure that there will be follow-up testing in the Newborn Screening Program.
"SECTION 12I.1.(z) The sum of one million five hundred seventy-five thousand dollars ($1,575,000) appropriated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidenced-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31, 2016.

"SECTION 12I.1.(aa) The sum of one hundred thousand dollars ($100,000) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2015-2017 fiscal biennium for community-based sickle cell centers shall not be used to supplant existing State or federal funds.

"SECTION 12I.1.(bb) No more than fifteen percent (15%) of the funds provided in this section in the Maternal and Child Health Block Grant to Carolina Pregnancy Care Fellowship shall be used for administrative purposes. The balance of those funds shall be used for direct services."

PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SPAY/NEUTER PROGRAM ELIGIBILITY

SECTION 13.1.(a) G.S. 19A-63(a)(1) reads as rewritten:
"(1) The county or city offers one or more of the following programs to low-income persons on a year-round basis for the purpose of reducing the cost of spaying and neutering procedures for dogs and cats:
   a. A spay/neuter clinic operated by the county or city.
   b. A spay/neuter clinic operated by a non-profit organization under contract or other arrangement with the county or city, provided that the non-profit organization contracts with a local veterinarian to perform the spay/neuter procedures.
   c. A contract or contracts with one or more veterinarians, whether or not located within the county, to provide reduced-cost spaying and neutering procedures.
   d. Subvention of the spaying and neutering costs incurred by low-income pet owners through the use of vouchers or other procedure that provides a discount of the cost of the spaying or neutering procedure fixed by a participating veterinarian.
   e. Subvention of the spaying and neutering costs incurred by persons who adopt a pet from an animal shelter operated by or under contract with the county or city."

SECTION 13.1.(b) G.S. 19A-63(b)(2) reads as rewritten:
"(2) Low-income person. – An individual who qualifies for one or more of the programs of public assistance administered by the Department of Health and Human Services pursuant to Chapter 108A of the General Statutes or whose annual household income is lower than one hundred percent (100%) of the federal poverty level guidelines published by the United States Department of Health and Human Services."

FUTURE FARMERS OF AMERICA PILOT PROGRAM

SECTION 13.3.(a) Notwithstanding G.S. 143-720 or G.S. 143-721, of the funds appropriated to the Tobacco Trust Fund in this act, one hundred twenty thousand dollars
($120,000), nonrecurring for the 2016-2017 fiscal year, shall be distributed to the following local Future Farmers of America programs for the following purposes and amounts:

1. Sixty thousand dollars ($60,000) to Southern Guilford High School in Guilford County for a pilot program relating to animal science.

2. Sixty thousand dollars ($60,000), to be allocated in equal amounts, to the following schools for a pilot program relating to animal science and agricultural crop planting, including greenhouses and hydroponics:
   a. Mountain Heritage High School in Yancey County.
   b. Madison High School in Madison County.
   c. Central Haywood High School in Haywood County.
   d. Pisgah High School in Haywood County.
   e. Tuscola High School in Haywood County.

SECTION 13.3.(b) As part of the annual report required pursuant to G.S. 143-722(a), the Tobacco Trust Fund Commission shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on program activities, objectives, and accomplishments and itemized expenditures from the funds provided in this section. The Commission shall assist local Future Farmers of America programs receiving funds pursuant to this section in reporting on the activities for which the funds were used. In addition, the Commission shall compile a consolidated report of such activities, itemized by recipient.

HEALTHY FOOD SMALL RETAILER PROGRAM

SECTION 13.4.(a) Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred fifty thousand dollars ($250,000) for the 2016-2017 fiscal year shall be used to create a program to reimburse small food retailers for expenditures related to enhancing access to healthy foods in areas that qualify as food desert zones according to the Economic Research Service of the United States Department of Agriculture. For the purposes of this section, a small food retailer is defined as a business that is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of no more than 3,000 heated square feet that sells a limited selection of foods and other products. Funds may be used to reimburse small food retailers for the purchase and installation of refrigeration equipment, display shelving, and other equipment necessary for stocking nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products, lean meats, and seafood.

SECTION 13.4.(b) The Department may reimburse up to twenty-five thousand dollars ($25,000) to a single small food retailer pursuant to this section. Small food retailers receiving moneys from the program must accept or agree to accept Supplemental Nutrition Assistance Program benefits and must accept or agree to apply to accept Special Supplemental Nutrition Program for Women, Infants and Children benefits. The Department shall establish guidelines for application and receipt of funding for small food retailers to ensure that the funds will be used to enhance and advertise the availability of nutrient-dense foods. The Department shall assist the small food retailer in identifying suppliers of nutrient-dense foods and in developing a strategy to encourage the sale of nutrient-dense foods to customers.

SECTION 13.4.(c) On or before October 1, 2017, the Department shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on the activities, number of small food retailers receiving reimbursement, how the funds were used by the small food retailers, and the gross amount of nutrient-dense food, in dollars, sold to customers by participating small food retailers.

PART XIV. DEPARTMENT OF ENVIRONMENTAL QUALITY

MERCUY SWITCH SUNSET MODIFICATION

SECTION 14.1.(a) Section 9 of S.L. 2007-142 reads as rewritten:
"SECTION 9. Sections 1, 2, 6, 7, and 9 of this act become effective when this act becomes law. Sections 3, 4, and 8 of this act become effective 1 July 2007. Section 5 of this act becomes effective 1 July 2007 and applies to violations that occur on or after that date. The Department shall submit the first annual report required by G.S. 130A-310.57, as enacted by Section 7 of this act, on or before 1 October 2008. This act expires on 31 December 2017. Effective June 30, 2017, Part 6 of Article 9 of Chapter 130A of the General Statutes, as amended by this act, is repealed."

SECTION 14.1.(b) Section 13.10B of S.L. 2011-145 is repealed.

SECTION 14.1.(c) Subsection (b) of this section becomes effective June 30, 2017. Funds remaining in the Mercury Pollution Prevention Fund (Fund Code 24300-2119) on that date shall be transferred to the Division of Waste Management (Fund Code 14300-1760).

AIR AND WATER QUALITY ACCOUNT FUNDING

SECTION 14.3. G.S. 105-449.125, as amended by Section 4.11(a) of S.L. 2016-5, reads as rewritten:

"§ 105-449.125. Distribution of tax revenue among various funds and accounts.

(a) Distribution to Funds. – The Secretary shall allocate the amount of revenue collected under this Article from an excise tax of one-half cent (1/2¢) a gallon to the following funds and accounts in the fraction percentages indicated:

<table>
<thead>
<tr>
<th>Fund or Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Leaking Petroleum and Underground Storage Tank Cleanup Fund</td>
<td>Nineteen thirty-second six-tenths one-half percent (62.5%)</td>
</tr>
<tr>
<td>Water and Air Quality Account</td>
<td>Fifteen-sixteenths twenty-eight and one-tenth percent (28.1%).</td>
</tr>
</tbody>
</table>

(b) Distribution of Remaining Revenue. – The Secretary shall allocate the remaining excise tax revenue collected under this Article, including any revenue that is allocated but not distributed under subsection (a) of this section, as follows:

(1) Seventy-one percent (71%) to the Highway Fund.
(2) Twenty-nine percent (29%) to the Highway Trust Fund.

(c) Accounting. – The Secretary shall charge a proportionate share of a refund allowed under this Article to each fund or account to which revenue collected under this Article is credited. The Secretary shall credit revenue or charge refunds to the appropriate funds or accounts on a monthly basis."

RISK-BASED MANAGEMENT ACTIONS PREAPPROVAL

SECTION 14.5. G.S. 143-215.94E(e5) is amended by adding a new subdivision to read:

"(10) Each fiscal year, the Department may preapprove and authorize tasks, the cost of which is to be paid or reimbursed from the Commercial Fund and the sum total of which shall not exceed five hundred thousand dollars ($500,000), that have not been authorized pursuant to subdivisions (5) and (6) of this subsection for the purpose of completing risk-based management actions leading to no further action or closure. A claim for payment or reimbursement of costs for tasks that are authorized under this subdivision shall be paid or reimbursed on the same basis as tasks that are authorized under subdivisions (5) and (6) of this subsection."

COASTAL RECREATIONAL FISHING LICENSES CONFORMING CHANGE

SECTION 14.8. G.S. 113-174.1(f) reads as rewritten:

"§ 113-174.1. License required; general provisions governing licenses.

(f) Cancellation of Fraudulent License; Penalties. – The Wildlife Resources Commission may cancel a license issued by the Commission under this Article or Article 25A
of this Chapter if the license was issued on the basis of false information supplied by the license applicant. The Division may cancel a For Hire Blanket CRFL License issued under G.S. 113-174.3 or an Ocean Fishing Pier Blanket CRFL issued under G.S. 113-174.4 if the license was issued on the basis of false information supplied by the license applicant. A cancelled license is void from the date of issuance. It is a Class 1 misdemeanor for an individual to knowingly do any of the following:

"...

MARINE PATROL/SHELLFISH SANITATION EQUIPMENT SALES

SECTION 14.9.(a) The Division of Marine Fisheries of the Department of Environmental Quality may sell the following aircraft and water vessels from its fleet as expeditiously as possible in order to modernize the fleet:

(1) 1999 48' Sea Ark – patrol vessel "Roanoke."
(2) 1995 Husky airplane.
(3) 1998 25' Parker boat hull with trailer.
(4) 1993 18' Parker boat with engine and trailer.

Notwithstanding G.S. 143C-6-4 or any other provision of law, the Division may spend funds received from the sales of the equipment identified in this subsection for future equipment acquisitions to support the enforcement efforts of the Marine Patrol. The sales proceeds are appropriated for that purpose and shall be incorporated into the authorized budget of the Division.

SECTION 14.9.(b) The Division shall report to the Fiscal Research Division and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the proceeds of the dispositions authorized by this section and the Division's plans for use of the proceeds.

PROMOTE SHELLFISH INDUSTRY

SECTION 14.11.(a) G.S. 113-202(j) reads as rewritten:

"(j) Initial leases begin upon the issuance of the lease by the Secretary and expire at noon on the first day of July following the tenth anniversary of the granting of the lease. Renewal leases are issued for a period of 10 years from the time of expiration of the previous lease. At the time of making application for renewal of a lease, the applicant must pay a filing fee of one hundred dollars ($100.00). The rental for initial leases is one dollar ($1.00) per acre until noon on the first day of July following the first anniversary of the lease. Thereafter, for initial leases and from the beginning for renewals of leases entered into after that date, the rental is ten dollars ($10.00) per acre per year. Rental must be paid annually in advance prior to the first day of July each year. Upon initial granting of a lease, the pro rata amount for the portion of the year left until the first day of July must be paid in advance at the rate of one dollar ($1.00) per acre per year; then, on or before the first day of April July next, the lessee must pay the rental for the next full year."

SECTION 14.11.(b) G.S. 113-202.1 reads as rewritten:

(a) To increase the productivity of leases for shellfish culture issued under G.S. 113-202, the Secretary may amend shellfish cultivation leases to authorize use of the water column superjacent to the leased bottom under the terms of this section when he determines the public interest will benefit from amendment of the leases. Leases with water column amendments must produce shellfish in commercial quantities at four times the minimum production rate of leases issued under G.S. 113-202, or any higher quantity required by the Marine Fisheries Commission through duly adopted rules.

(f) Amendments of shellfish cultivation leases to authorize use of the water column are not transferrable except when the Secretary approves the transfer after public notice and hearing consistent with subsection (c) of this section, may be transferred with a bottom lease for..."
the remainder of the term of the amendment at the same rental rate and term as set forth in
subsection (d) of this section and so long as notice of the transfer is provided to the Secretary as
required by G.S. 113-202(k).

... (i) To the extent required by demonstration or research aquaculture development
projects, the Secretary may amend existing leases and issue leases that authorize use of the
bottom and the water column. Demonstration or research aquaculture development projects
may be authorized for five years with no more than one renewal and when the project is
proposed or formally sponsored by an educational institution which conducts research or
demonstration of aquaculture. Production of shellfish with a sales value in excess of one
thousand dollars ($1,000) per acre per year shall constitute commercial production. Demonstration or research aquaculture development projects shall be exempt for the rental rate in subsection (d) of this section unless commercial production occurs as a result of the project."

SECTION 14.11.(c) G.S. 113-202.2 reads as rewritten:

"§ 113-202.2. Water column leases for aquaculture for perpetual franchises.

(a) To increase the productivity of shellfish grants and perpetual franchises for shellfish
culture recognized under G.S. 113-206, the Secretary may lease the water column superjacent
to such grants or perpetual franchises (hereinafter "perpetual franchises") under the terms of
this section when it determines the public interest will benefit from the lease. Perpetual
franchises with water column leases must produce shellfish in commercial quantities at four
times the minimum production rate of leases issued under G.S. 113-202, or any higher quantity
required by the Marine Fisheries Commission by rule.

... (d) Water column leases to perpetual franchises shall be issued for a period of five years and may be renewed pursuant to subsection (g) of this section. The rental for an initial water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for an initial water column amendment issued under that section, and the rental for a renewed water column lease issued under this section is the same as the rental set in G.S. 113-202.1 for a renewed water column amendment issued under that section.

... (f) Water column leases to perpetual franchises are not transferrable except when the
Secretary approves the transfer after public notice and hearing consistent with G.S. 113-202(f)
and (g) may be transferred with a perpetual franchise for the remainder of the term of the lease
at the same rental rate and term as set forth in subsection (d) of this section and so long as
notice of the transfer is provided to the Secretary as required by G.S. 113-202(k).

... (i) Demonstration or research aquaculture development projects may be authorized for
five years with no more than one renewal and when the project is proposed or formally
sponsored by an educational institution which conducts aquaculture research or demonstration
projects. Production of shellfish with a sales value in excess of one thousand dollars ($1,000) per acre per year shall constitute commercial production. Demonstration or research aquaculture development projects shall be exempt from the rental rate in subsection (d) of this section unless commercial production occurs as a result of the project."

SECTION 14.11.(d) The Chief Sustainability Officer of the University of North
Carolina at Chapel Hill shall convene a stakeholder working group to study and advance efforts
to ecologically restore and achieve economic stability of the shellfish aquaculture industry,
including (i) how best to spend financial resources to counter declining oyster populations and
habitats; (ii) the use of nonnative oyster species to accomplish oyster restoration; (iii) means of
combating oyster disease and managing harvesting practices to balance the needs of the
industry and promote long-term viability and health of oyster habitat and substrate; (iv)
economic aquaculture methods to improve oyster stock and populations; (v) long-term,
dedicated options for funding sources and water quality improvements; (vi) means to increase oyster production for both population growth and harvest; (vii) options that expand the use of private hatchery capacity in the State; (viii) options for promoting the use of culch planting to enhance and increase oyster habitat and population; (ix) other resources that might be leveraged to enhance reform efforts; and (x) any other issue the Institute deems relevant.

SECTION 14.11.(e) In the conduct of the study required by subsection (d) of this section, the Officer shall convene and consult with a stakeholders group that includes representatives of the commercial and recreational oyster harvesting industries, the North Carolina Division of Marine Fisheries, the Marine Fisheries Commission, nature conservation entities, and experts in the fields of marine biology and marine ecology.

SECTION 14.11.(f) The University of North Carolina at Chapel Hill shall report the results of its study, including any recommendations and suggested legislation needed to implement the recommendations, to the Fiscal Research Division, the Environmental Review Commission, and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources no later than December 31, 2018.

SECTION 14.11.(g) Notwithstanding any other provision of law, funds provided to the Division of Marine Fisheries of the Department of Environmental Quality for contracting with the University of North Carolina at Wilmington to develop oyster brood stock to provide seed for aquaculture shall be transferred to, and not through a contractual arrangement with, the University of North Carolina at Wilmington for that purpose. No indirect facilities and administrative costs shall be charged by the University against the funds transferred by this subsection.

CLARIFY AQUATIC WEED CONTROL FUNDING ELIGIBILITY

SECTION 14.12.(a) Part 8B of Article 21 of Chapter 143 of the General Statutes reads as rewritten:


(a) Fund Established. – The Shallow Draft Navigation Channel Dredging and Lake Maintenance Aquatic Weed Fund is established as a special revenue fund. The Fund consists of fees credited to it under G.S. 75A-3 and G.S. 75A-38, taxes credited to it under G.S. 105-449.126, and funds contributed by non-State entities.

(b) Uses of Fund. – Revenue in the Fund may only be used for the following purposes:

(1) To provide the State's share of the costs associated with any dredging project designed to keep shallow draft navigation channels located in State waters or waters of the state located within lakes navigable and safe.

(2) For aquatic weed control projects in waters of the State located within lakes under Article 15 of Chapter 113A of the General Statutes. Funding for aquatic weed control projects is limited to five hundred thousand dollars ($500,000) in each fiscal year.

(c) Cost-Share. – Any project funded by revenue from the Fund must be cost-shared with non-State dollars as follows:

(3) The cost-share for a lake maintenance aquatic weed control project shall be at least one non-State dollar for every dollar from the Fund. The cost-share for a lake aquatic weed control project located within a component of the State Parks System shall be provided by the Division of Parks and Recreation of the Department of Natural and Cultural Resources. The Division of Parks and Recreation may use funds allocated to the State Parks System for capital projects under G.S. 143B-135.56 for the cost-share.
(4) The cost-share for the dredging of the access canal around the Roanoke Island Festival Park may be paid from the Historic Roanoke Island Fund established by G.S. 143B-131.8A.

(6) Report. – The Department shall report annually no later than October 1 regarding projects funded under this section to the Fiscal Research Division and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. The report shall include project type (dredging or weed control), project location, brief project description, entity receiving the funding, and amount of funding provided.”

SECTION 14.12.(b) G.S. 75A-3(c) reads as rewritten:

"(c) The Boating Account is established within the Wildlife Resources Fund created under G.S. 143-250. Interest and other investment income earned by the Account accrues to the Account. All moneys collected pursuant to the numbering and titling provisions of this Chapter shall be credited to this Account. Motor fuel excise tax revenue is credited to the Account under G.S. 105-449.126. The Commission shall use revenue in the Account, subject to the Executive Budget Act and the Personnel Act, for the administration and enforcement of this Chapter; for activities relating to boating and water safety including education and waterway marking and improvement; and for boating access area acquisition, development, and maintenance. The Commission shall use at least three dollars ($3.00) of each one-year certificate of number fee and at least nine dollars ($9.00) of each three-year certificate of number fee collected under the numbering provisions of G.S. 75A-5 for boating access area acquisition, development, and maintenance. The Commission shall transfer on a quarterly basis fifty percent (50%) of each one-year certificate of number fee and fifty percent (50%) of each three-year certificate of number fee collected under the numbering provisions of G.S. 75A-5 to the Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund established by G.S. 143-215.73F.”

SECTION 14.12.(c) G.S. 75A-38(b) reads as rewritten:

"(b) The Commission shall charge a fee of thirty dollars ($30.00) to issue a new or transfer certificate of title. The Commission shall transfer on a quarterly basis at least ten dollars ($10.00) of each new or transfer certificate of title to the Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund established by G.S. 143-215.73F. The Commission shall charge a fee of ten dollars ($10.00) for each duplicate title it issues and for the recording of a supplemental lien.”

SECTION 14.12.(d) G.S. 105-449.126 reads as rewritten:

“§ 105-449.126. Distribution of part of Highway Fund allocation to Wildlife Resources Fund and Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund.

... (b) The Secretary shall credit to the Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund one percent (1%) of the amount that is allocated to the Highway Fund under G.S. 105-449.125 and is from the excise tax on motor fuel. Revenue credited to the Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund under this section may be used only for the dredging activities described in G.S. 143-215.73F. The Secretary shall credit revenue to the Shallow Draft Navigation Channel Dredging and Lake Maintenance-Aquatic Weed Fund on a quarterly basis. The Secretary must make the distribution within 45 days of the end of each quarter.”

DEVELOPMENT OF NEW COMPREHENSIVE NUTRIENT MANAGEMENT REGULATORY FRAMEWORK

SECTION 14.13.(a) The General Assembly finds all of the following:

(1) It is necessary for the State to have a comprehensive management strategy to protect and improve water quality.
(2) Over the last 20 years, comprehensive watershed nutrient management strategies and buffer rules have been implemented in several river basins and watersheds in North Carolina where surface water quality has been impaired by excess nutrients.

(3) It is in the interest of the State to review the costs and benefits of existing nutrient management strategies and determine whether those nutrient management strategies should be modified in order to maintain and improve water quality in nutrient sensitive waters.

(4) The State should revise nutrient strategies to maintain proven measures already shown to be effective; incorporate new technological and management innovations; recognize investments in water quality already implemented by stakeholders; and share costs on an equitable basis.

SECTION 14.13.(b) Subsections (a) and (c) of Section 14.5 of S.L. 2015-241 are repealed and the Department shall terminate the demonstration project authorized by that section. Any funds allocated under subsection (a) of Section 14.5 of S.L. 2015-241 that are unspent and unencumbered on the effective date of this act shall revert to the Clean Water Management Trust Fund.

SECTION 14.13.(c) Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of five hundred thousand dollars ($500,000) for each of the fiscal years from 2016-2017 through 2021-2022 is allocated to the Chief Sustainability Officer at the University of North Carolina at Chapel Hill to designate an entity to oversee a continuing study and analysis of nutrient management strategies (including in situ strategies) and compilation of existing water quality data specifically in the context of Jordan Lake and Falls Lake. As part of this study, the entity shall (i) review data collected by the Department of Environmental Quality and by other stakeholders from water sampling in areas subject to the Falls Lake or Jordan Lake Water Supply Nutrient Strategies and compare trends in water quality to the implementation of the various elements of each of the Strategies and (ii) examine the costs and benefits of basinwide nutrient strategies in other states and the impact (or lack of impact) those strategies have had on water quality. The entity shall report to the Environmental Review Commission, the Environmental Management Commission, and the Department of Environmental Quality as set forth below:

(1) With respect to Jordan Lake, the final results of its study and recommendations for further action (including any statutory or regulatory changes necessary to implement the recommendations) no later than December 31, 2018, with interim updates no later than December 31, 2016, and December 31, 2017.

(2) With respect to Falls Lake, the final results of its study and recommendations for further action (including any statutory or regulatory changes necessary to implement the recommendations) no later than December 31, 2021, with interim updates no later than December 31, 2019, and December 31, 2020.

No indirect or facilities and administrative costs shall be charged by the University against the funds allocated by this section. The Department of Environmental Quality shall provide all necessary data and staff assistance as requested by the entity for the duration of the study required by this subsection. The Department shall also designate from existing positions an employee to serve as liaison between the Department and the entity to facilitate communication and handle data requests for the duration of the project.

SECTION 14.13.(d) As part of the periodic review and readoption of rules required by G.S. 150B-21.3A, the Environmental Management Commission shall, based on the study required by subsection (c) of this section and any monitoring or modeling study conducted pursuant to existing regulations as defined in this section, review the following Nutrient Strategies:


(3) Any changes to these regulations imposed by acts of the General Assembly.

The schedule set forth in this subsection shall modify the review and readoption schedule set by the Rules Review Commission under G.S. 150B-21.3A to the extent the schedules conflict. No later than December 31, 2016, the Department of Environmental Quality shall report to the Environmental Review Commission a list of any other rules and any acts of the General Assembly changing the rules identified in this subsection, and the Environmental Management Commission's review shall include the rules identified in this section and in that report. As part of its rule review process, the Environmental Management Commission shall (i) hold public hearings in the upstream and downstream portions of the Falls Lake and Jordan Lake river basins and subbasins and (ii) no later than December 31, 2016, convene a stakeholder working group that represents all classes of users and all geographic parts of the impacted river basins and subbasins and that will provide input to the Environmental Management Commission regarding the revision to the Nutrient Strategies. The Environmental Management Commission shall issue recommendations for revisions of the Nutrient Strategies based on its review and begin rule readoption required by G.S. 150B-21.3A no later than March 15, 2019. For purposes of the G.S. 150B-21.3A readoption process, the Nutrient Strategies shall be considered "necessary with substantive public interest."

SECTION 14.13.(e) The Department of Environmental Quality shall study alternative technologies for in situ approaches to nutrient management in Falls Lake and Jordan Lake. In its study, the Department shall consider in situ treatments, including algaecide and phosphorus-locking technologies, that have been certified by the United States Environmental Protection Agency for use in drinking water sources. Of the funds appropriated in this act to the Department of Environmental Quality, the sum of one million three hundred thousand dollars ($1,300,000) for the 2016-2017 fiscal year may be used to implement a trial of these technologies. If the Department decides to implement a trial, it shall enter into a contract for the trial by December 31, 2016. Any contract entered into under this subsection shall not be subject to Article 3 or Article 8 of Chapter 143 of the General Statutes. The study shall determine whether these treatments would provide improvements in water quality and whether the improvements would be more cost-effective than more conventional nutrient mitigation strategies. The Department shall submit an interim report no later than March 1, 2017, and a final report no later than March 1, 2018, to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division. If the Department finds these strategies to be effective, it shall incorporate them into the Nutrient Strategies readoption required by subsection (d) of this section. Funds allocated by this subsection shall remain available until the conclusion of the study, and any funds unused at that time shall revert to the General Fund.

SECTION 14.13.(f) Impervious surface added in a city or county within the Jordan Lake watershed after July 26, 2013, and prior to December 31, 2020, shall, notwithstanding any other provision of law or associated regulations adopted by the Environmental Management Commission, not be counted as built-upon area for purposes of a city's or county's calculation of nutrient loading targets under a Development Stormwater Rule. Pursuant to G.S. 153A-145.6 and G.S. 160A-205.1, cities and counties shall not enforce Development Stormwater Rules through any ordinance, code, standard, committed element, condition, or contractual obligation imposed by, agreed upon, or accepted by a county or city. For purposes of this subdivision, "Development Stormwater Rule" shall mean 15A NCAC 2B .0265 (Stormwater Management for New Development) and 15A NCAC 2B .0266 (Stormwater Management for Existing Development), or equivalent or more stringent ordinance, code, standard, or committed element related to nutrient-loading targets in the Jordan Lake watershed.
SECTION 14.13.(g) The Department of Environmental Quality shall study the following issues related to nutrient impact fees and other water quality impact mitigation programs in Jordan Lake and Falls Lake:

1. The impact, costs, and benefits of setting nutrient offset fees on a subbasin- or area-specific basis, together with an estimate of the subbasin-specific nutrient offset fees for each subbasin in the Jordan Lake and Falls Lake watersheds or area draining to a particular arm of Jordan Lake or Falls Lake.

2. Watersheds and river basins or subbasins where private providers of mitigation services are adequately serving existing and projected demand over the next five years, and whether (i) the continuing provision of mitigation services by the State in those areas is necessary and (ii) statutory authority to provide mitigation services in those areas should be totally or partially repealed.

The Department shall report no later than December 1, 2016, to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division regarding the results and recommendations from its study and any suggested legislation necessary to implement the recommendations.

SECTION 14.13.(h) The rules described below shall not take effect and are subject to the review and readoption required by subsection (d) of this section:

1. With respect to the Jordan Lake rules, as defined by subdivisions (2) and (3) of subsection (d) of this section, any rules with effective dates between the effective date of this act and October 15, 2019.

2. With respect to the Falls Lake rules, as defined by subdivisions (1) and (3) of subsection (d) of this section, any rules with effective dates between the effective date of this act and October 15, 2022.

SECTION 14.13.(i) Stormwater treatment practices that have been approved by the Chesapeake Bay Commission for TMDL compliance in the Chesapeake Bay watershed shall be allowed for TMDL compliance in the Jordan Lake and Falls Lake watersheds at the same pollutant removal efficiency value established for each such practice for the Chesapeake Bay watershed. The Department shall report no later than December 1, 2016, to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the need and desirability of establishing State-specific pollutant removal efficiency values for the stormwater treatment practices allowed by this subsection. If the Department decides to establish State-specific values, it shall incorporate those values into the Nutrient Strategies readoption required by subsection (d) of this section.

SECTION 14.13.(j) Subsection (b) of this section becomes effective on the earlier of July 1, 2016, or the date of termination of a contract related to in situ water quality remediation strategies that was previously extended pursuant to Section 14.5 of S.L. 2015-241.

MATTAMUSKEET LODGE TRANSFER AND ADVANCED PLANNING

SECTION 14.14.(a) The Mattamuskeet Lodge and surrounding property transferred from the federal government by Public Law 109-358, entitled the "Lake Mattamuskeet Lodge Preservation Act,” is reallocated from the Department of Natural and Cultural Resources to the Wildlife Resources Commission.

SECTION 14.14.(b) G.S. 121-9.1 reads as rewritten:

"§ 121-9.1. Lake Mattamuskeet Lodge Preservation. 

Notwithstanding G.S. 121-9, the State of North Carolina accepts the transfer of the Mattamuskeet Lodge and surrounding property to the State under the Lake Mattamuskeet Lodge Preservation Act, P.L. 109-358. After completion of repairs and renovations by the
The property shall be transferred to and managed by the Wildlife Resources Commission.

(b) Any plans for repair and renovation of the Mattamuskeet Lodge from the Repairs and Renovations Reserve Account under G.S. 143C-1.3 are subject to review by the Wildlife Resources Commission.

SECTION 14.14.(c) The Wildlife Resources Commission shall undertake advanced planning for the completion of renovations of the Lake Mattamuskeet Lodge and explore opportunities for a public-private partnership for the future operation of the Lodge to optimize the sustainability and benefit of the Lodge to the community. In order to conduct these activities, the Commission may use up to two hundred thousand dollars ($200,000) of the funds appropriated to it for the 2016-2017 fiscal year. The Commission shall report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources no later than January 15, 2017, regarding its implementation of the requirements of this section.

RIGHT OF ENTRY CLARIFICATION

SECTION 14.15. Article 17 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-221.5. Right of entry to enforce certain sanitation requirements.

(a) The Secretary of Environmental Quality and a local health director shall each have the delegable right of entry upon the premises of any place where entry is necessary to enforce the provisions of G.S. 113-221.2(a) or the rules adopted by the Marine Fisheries Commission or a local board of health. If consent for entry is not obtained, an administrative search and inspection warrant shall be obtained pursuant to G.S. 15-27.2. However, if an imminent hazard exists, no warrant is required for entry upon the premises."

CRAB POT REMOVAL PILOT PROGRAM

SECTION 14.18. Of the funds appropriated to the Department of Environmental Quality, Division of Marine Fisheries, for the 2016-2017 fiscal year, one hundred thousand dollars ($100,000), nonrecurring, shall be used for a pilot program to be administered by North Carolina Sea Grant at North Carolina State University (Sea Grant) for the removal of derelict crab pots in State waters. Sea Grant may contract with nonprofit organizations to conduct and oversee the removal of derelict crab pots, provided that the nonprofit organizations involved are required to report expenditures and performance data to Sea Grant. No indirect facilities and administrative costs shall be charged by Sea Grant or any constituent institution of the University of North Carolina System against the funds allocated by this section. Sea Grant shall submit a report on the performance of the pilot program, including expenditures and number of derelict crab pots retrieved, to the chairs of the Joint Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on or before May 1, 2017.

SHALLOW DRAFT FUND SPONSORED COASTAL MANAGEMENT POSITION

SECTION 14.19. G.S. 143-215.73F(b) is amended by adding a new subdivision to read:

"(3) For the compensation of a beach and inlet management project manager with the Division of Coastal Management of the Department of Environmental Quality for the purpose of overseeing all activities related to beach and inlet management in the State. Funding for the position is limited to ninety-nine thousand dollars ($99,000) in each fiscal year."
decennial census and has been issued Notices of Violation from both a county and the Division of Water Resources for illegal wastewater discharges.

SECTION 14.20.(b) Of the funds appropriated in this act to the Department of Environmental Quality, Division of Water Infrastructure, the sum of one million dollars ($1,000,000), nonrecurring, for the 2016-2017 fiscal year shall be allocated to Duplin County to be used to correct an on-site school sewer compliance issue at B.F. Grady Elementary School.

SECTION 14.20.(c) Of the funds appropriated in this act to the Department of Environmental Quality, Division of Water Infrastructure, the sum of seven hundred thousand dollars ($700,000), nonrecurring, for the 2016-2017 fiscal year shall be allocated to the Town of Fontana Dam to be used for wastewater system upgrades.

REGIONAL WATER AND SEWER AUTHORITY FUNDING

SECTION 14.20A.(a) Of the funds appropriated to the Department of Environmental Quality, Division of Water Infrastructure, by this act, the sum of fourteen million five hundred forty-eight thousand nine hundred eighty-one dollars ($14,548,981) shall be used by the Division to fund interconnection and extension of water lines to participating counties and municipalities undertaken by a Regional Water and Sewer Authority established pursuant to Article 1 of Chapter 162A of the General Statutes, provided that the Authority includes the Counties of Rockingham and Guilford and one or more municipalities within those counties. The funds allocated by this section may also be used for one or more regional interconnections with municipalities in Rockingham or Guilford Counties that do not join the Authority described by this subsection if the interconnections are necessary to provide sufficient water resources to support the water system expansion needed to meet current and planned future needs of the Authority.

SECTION 14.20A.(b) If the Regional Water Authority described by this section is formed prior to June 30, 2017, the Division of Water Infrastructure shall transfer the funds allocated by this section to the Authority for the purposes described in subsection (a) of this section. Otherwise, the funds allocated by this section shall revert to the General Fund. Notwithstanding G.S. 143C–6-23(f1)(1), funds allocated to the Authority but not used by June 30, 2020, shall revert to the General Fund.

CATALOG OF WETLAND AND STREAM MITIGATION CREDITS

SECTION 14.21. The Division of Mitigation Services shall catalog all wetland and stream mitigation credits in State ownership. The Department of Transportation shall provide support and assistance to the Division in carrying out the requirements of this section, including providing access to data on mitigation credits acquired by the Department of Transportation associated with completed, ongoing, and planned transportation projects. The Division shall provide the catalog along with any relevant supporting information to the Environmental Review Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Transportation Oversight Committee no later than December 31, 2016.

BEACH NOURISHMENT STUDIES

SECTION 14.22.(a) The Division of Coastal Management and the Department of Environmental Quality shall study and provide an executive summary of readily available data and existing studies on the physical and economic, storm mitigation, and public safety benefits of out-of-state coastal storm damage reduction and beach nourishment projects. Specific items benefitted by coastal storm damage reduction shall include, at a minimum, public infrastructure, public property, private property, small businesses, and tourism. The results of the study shall be reported no later than November 1, 2016, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

SECTION 14.22.(b) The County Tax Office of each covered county shall work together to identify all privately and publicly owned property island-wide in the county. A
covered county includes the Counties of Brunswick, New Hanover, Pender, Onslow, Carteret, Hyde, Dare, and Currituck. Each County Tax Office shall determine whether the mailing/ownership address on the tax record of such property is (i) in the county where such property is located, (ii) in a noncovered county in North Carolina, or (iii) outside the State of North Carolina. Each County Tax Office shall send an electronic list of the property addresses and matched mailing/ownership addresses suitable for electronic sorting no later than November 1, 2016, to the Department of Environmental Quality and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

SECTION 14.22.(c) The Department of Commerce shall study and provide an executive summary of readily available economic data related to the 20 coastal counties of the State for the purpose of quantifying the contribution of the coastal economy to the economy of the State as a whole, considering, at a minimum, the benefits of travel and tourism, small businesses, job creation and opportunity, and tax revenues, including property, sales, and income taxes. The Department shall report the results of the study no later than November 1, 2016, to the Department of Environmental Quality and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources.

SECTION 14.22.(d) The Department of Environmental Quality shall include the studies required by each subsection of this section as appendices to the Beach and Inlet Management Plan required by Section 14.6(b)(4) of S.L. 2015-241.

EXTEND THE SUNSET ON ALLOWABLE TERM LENGTH OF CERTAIN STATE REVOLVING FUND LOANS

SECTION 14.23.(a) G.S. 159G-40(b), as amended by Section 4(a) of S.L. 2015-207, reads as rewritten:

"(b) Interest Rate and Maturity. – The interest rate payable on and the maximum maturity of a loan are subject to the following limitations:

(2) Maturity. – The maximum maturity for a loan for a project that is not a high-unit-cost project may not exceed targeted interest rate project is 20 years or the project's expected life, whichever is shorter. The maximum maturity for a loan for a high-unit-cost targeted interest rate project is 30 years or the project's expected life, whichever is shorter."

SECTION 14.23.(b) Section 4(b) of S.L. 2015-207 reads as rewritten:

"SECTION 4.(b) This section is effective when it becomes law and expires July October 1, 2016. The sunset does not affect the validity of any loan agreement approved by the Local Government Commission prior to the sunset or loan increases approved after the sunset, provided the loan was approved in accordance with G.S. 159G-40, as amended by this section, prior to the sunset."

SECTION 14.23.(c) Subsection (a) of this section becomes effective October 1, 2016. The remainder of this section is effective when it becomes law.

PART XIV-A. WILDLIFE RESOURCES COMMISSION
OUTDOOR HERITAGE ADVISORY COUNCIL

SECTION 14A.1.(a) G.S. 143B-344.60 reads as rewritten:


§ 143B-344.60. Outdoor Heritage Advisory Council.

(a) The Outdoor Heritage Advisory Council is established within the North Carolina Wildlife Resources Commission for organizational and budgetary purposes only. The Council shall exercise all of its statutory powers independent of control by the Executive Director of the Wildlife Resources Commission. The Council shall advise State agencies and the General Assembly on the promotion of outdoor recreational activities, including, but not limited to, hiking, horseback riding, boating, sport shooting and archery, bird watching and wildlife
watching, camping, swimming, hunting, trapping, and fishing in order to preserve North Carolina's outdoor heritage for future generations.

(b) The Council shall consist of 13 members, appointed as follows:

1. Three members appointed by the General Assembly, upon the recommendation of the President Pro Tempore of the Senate.
2. Three members appointed by the General Assembly, upon the recommendation of the Speaker of the House of Representatives.
3. Three members appointed by the Governor.
4. One member appointed by the Commissioner of Agriculture.
5. One member appointed by the chair of the Wildlife Resources Commission.

All members of the Council shall have knowledge and experience in outdoor recreational activities and have a demonstrated interest in promoting outdoor heritage.

(c) The terms of the initial members of the Council shall commence October 1, 2015. Of the Governor's initial appointments, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. Of the initial appointments by the President Pro Tempore of the Senate, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. Of the initial appointments by the Speaker of the House of Representatives, one member shall be designated to serve a term of three years, one member shall be designated to serve a term of two years, and one member shall be designated to serve a term of one year. The members appointed by the Commissioner of Agriculture and the chair of the Wildlife Resources Commission shall each serve an initial term of four years. After the initial appointees' terms have expired, all members shall be appointed for a term of four years. No member shall serve more than two successive terms.

Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term.

SECTION 14A.1.(b) Notwithstanding G.S. 143B-344.60(c), the two members added by subsection (a) of this section shall serve an initial term of two years commencing October 1, 2016.

PART XV. DEPARTMENT OF COMMERCE

USE OF DEOBLIGATED CDBG AND FEDERAL FUNDS

SECTION 15.1.(a) Section 15.6(b) of S.L. 2015-241 reads as rewritten:

"SECTION 15.6.(b) To allow the Department of Commerce and the Department of Environment and Natural Resources to quickly deploy deobligated CDBG funds and surplus federal administrative funds as they are identified throughout each program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds, unless otherwise expressly provided by law:

(2) In the 2015-2017 fiscal biennium, the Department of Commerce shall use the sum of five million nine hundred eighty thousand four hundred ninety-seven dollars ($5,908,497) ten million six hundred forty-eight thousand one hundred eighty-nine dollars ($10,648,189) in deobligated CDBG funds as follows:
   a. Three million six hundred fifty-eight thousand four hundred ninety-seven dollars ($3,658,497) for providing public services and public facilities. The category of public services includes providing substance abuse services and employment services, including job training, to homeless and at-risk veterans in the State.
2. If House Bill 108, 2015 Regular Session, becomes law, providing up to one million dollars ($1,000,000) in the 2016-2017 fiscal year to be used to fund a loan fund for site, infrastructure, and building development. Program income generated from awards made from the loan fund shall be captured in the existing CDBG revolving loan fund.

b. Five hundred thousand dollars ($500,000) for existing CDBG programs that encounter cost overruns.

c. Up to seven hundred fifty thousand dollars ($750,000) for providing training and guidance to local governments relative to the CDBG program, its management, and administration requirements.

d. Four million four hundred eighty-nine thousand six hundred ninety-two dollars ($4,489,692) to be transferred to the Department of Environmental Quality for water and sewer projects for public schools.

e. One million two hundred fifty thousand dollars ($1,250,000) to the Department of Commerce to be used for the State Broadband Plan in coordination with the Broadband Infrastructure Office at the Department of Information Technology.

(3) All deobligated CDBG funds that arise in a category that the Department of Commerce is responsible for administering after the provisions of subdivision (2) of this subsection have been met, and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:

a. To issue grants in the CDBG economic development program category.

b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.

c. For any other purpose consistent with the Department’s administration of the CDBG program if an equal amount of State matching funds is available.

...”

SECTION 15.1.(b) The Department of Commerce shall report on its proposed broadband initiative and its proposed use of deobligated CDBG funds to support that initiative. The report shall include details about how the initiative complies with the State broadband plan and the State’s CDBG requirements. The report shall also include details about (i) the type of sites it intends to serve, (ii) a time line for proposed projects, (iii) the constituents it intends to serve, and (iv) any other expected outcomes. The Department shall submit the report to the chairs of the Economic Development and Global Engagement Committee, the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on or before February 1, 2017.

SECTION 15.1.(c) The Department of Commerce, in cooperation with the Division of Marine Fisheries of the Department of Environmental Quality, shall report on the feasibility of using CDBG funds, including deobligated CDBG funds, to establish a program to assist with economic development of commercial oyster fisheries in coastal communities. The Department shall submit the report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on or before February 1, 2017.

SECTION 15.1.(d) The Department of Commerce, in cooperation with the Department of Agriculture and Consumer Services, shall report on the feasibility of using CDBG funds, including deobligated CDBG funds, to create a program to provide a source of funding and assistance for small food retailers operating in the State in low-income areas to
improve access to healthy foods. The Department shall submit the report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division on or before February 1, 2017.

MODIFY DISBURSEMENT PROCESS FROM ECONOMIC DEVELOPMENT RESERVES

SECTION 15.2.(a) G.S. 143B-437.63 reads as rewritten:
"§ 143B-437.63. JDIG Program cash flow requirements.
Notwithstanding any other provision of law, grants made through the Job Development Investment Grant Program, including amounts transferred pursuant to G.S. 143B-437.61, shall be budgeted and funded on a cash flow basis. The Office of State Budget and Management Department of Commerce shall periodically transfer funds from the JDIG Reserve established pursuant to G.S. 143C-9.6 to the Department of Commerce disburse funds in an amount sufficient to satisfy grant obligations and amounts to be transferred pursuant to G.S. 143B-437.61 to be paid during the fiscal year. It is the intent of the General Assembly to appropriate funds annually to the JDIG Program established in this Part in amounts sufficient to meet the anticipated cash requirements for each fiscal year."

SECTION 15.2.(b) G.S. 143B-437.75 reads as rewritten:
"§ 143B-437.75. Cash flow requirements.
Notwithstanding any other provision of law, moneys allocated from the One North Carolina Fund shall be budgeted and funded on a cash flow basis. The Office of State Budget and Management Department of Commerce shall periodically transfer funds from the One North Carolina Fund established pursuant to G.S. 143B-437.71 to the Department of Commerce disburse funds in an amount sufficient to satisfy Fund allocations to be transferred pursuant to G.S. 143B-437.72 to be paid during the fiscal year. It is the intent of the General Assembly to appropriate funds annually to the One North Carolina Fund established in this Part in amounts sufficient to meet the anticipated cash requirements for each fiscal year."

SECTION 15.2.(c) Funds remaining as of June 30, 2016, in JDIG Reserve established pursuant to G.S. 143C-9-6 are transferred to the Department of Commerce for the JDIG Program established pursuant to Part 2G of Article 10 of Chapter 143B of the General Statutes.

SECTION 15.2.(d) Funds remaining as of June 30, 2016, in One North Carolina Fund Reserve established pursuant to G.S. 143C-9-8 are transferred to the Department of Commerce for the One North Carolina Fund established pursuant to Part 2H of Article 10 of Chapter 143B of the General Statutes.

SECTION 15.2.(e) G.S. 143C-9-6 and G.S. 143C-9-8 are repealed.

SECTION 15.2.(f) Funds appropriated to the JDIG and One North Carolina Fund Reserves for the 2016-2017 fiscal year shall be transferred to the Department of Commerce (Budget Code 14600).

SECTION 15.2.(g) The Office of State Budget and Management shall incorporate the recurring JDIG and One NC Fund appropriations in the base budget of the Department of Commerce.

SECTION 15.2.(h) This section becomes effective July 1, 2016.

EXTEND REPORTING DEADLINE FOR BROUGHTON HOSPITAL STUDY

SECTION 15.5.(a) Section 15.20(c) of S.L. 2014-100 reads as rewritten:
"SECTION 15.20.(c) No later than December 31, 2014, the Department of Commerce shall submit an interim report on the study to the Chairs of the Joint Legislative Oversight Committee on Health and Human Services, to the Chairs of the Joint Legislative Committee on Economic Development and Global Engagement, and to the Chairs of the Joint Legislative Commission on Governmental Operations. No later than June 30, 2015-2016, the Department of Administration Commerce shall submit a final report on the results of the study to the Chairs of the same committees. The Department of Commerce is designated as the lead agency with
respect to the study, as well as the site control and disposition strategies, working closely with
the Department of Health and Human Services, the Department of Administration, the City of
Morganton, and the County of Burke.”

SECTION 15.5.(b) On or before February 1, 2017, the Department of Commerce
shall submit a report to the Joint Legislative Oversight Committee on Agriculture and Natural
and Economic Resources and the Fiscal Research Division detailing the expenditures
associated with funds appropriated by the General Assembly for the Broughton Hospital
campus economic development project, from the inception of the project.

TRAVEL AND TOURISM BOARD CHANGES

SECTION 15.6.(a) G.S. 143B-434.1 reads as rewritten:

"§ 143B-434.1. The North Carolina Travel and Tourism Board – creation, duties,
membership.

(b) The function and duties of the Board shall be:

(2) To advise the Secretary of Commerce in the development of a budget for
achieving the goals of the Travel and Tourism Policy Act, as provided in
G.S. 143B-434.2, and the nonprofit corporation contracted
to promote and market tourism.

(3) To name a three-member subcommittee, with one member from each of the
eastern, central, and western regions of the State, to make recommendations
to the Secretary of Commerce regarding any revisions in the matching funds
tourism grants program, project applications, and criteria for projects that
qualify for participation in the program.

(9) To promote policies that support tourism in North Carolina.

(10) To advise the General Assembly on tourism policy matters upon request of
the Joint Legislative Oversight Committee on Governmental Operations or
the Joint Legislative Oversight Committee on Agriculture and Natural and
Economic Resources.

(c) The Board shall consist of 19 members as follows:

(1) The Secretary of Commerce, who shall not be a voting member.

(2) The chief executive officer of the nonprofit corporation with which the
Department contracts pursuant to G.S. 143B-431.01(b), who shall not be a
voting member.

(3) Two members One member designated by the Board of Directors of the
North Carolina Restaurant and Lodging Association, representing the
lodging sector.

(4) Two members One member designated by the Board of Directors of the
North Carolina Restaurant and Lodging Association, representing the
restaurant sector.

(5) Three Directors of Convention and Visitor Bureaus designated by the Board of
Directors of the North Carolina Association of Convention and Visitor
Bureaus, one member of the Destination Marketing Association of North
Carolina designated by the Board of Directors of the Destination Marketing
Association of North Carolina.

(6) The Chairperson’s designee.

(7) The President of the North Carolina Travel Industry Association One person
who is a member of the Travel and Tourism Coalition designated by the
Board of Directors of the Travel and Tourism Coalition.
(8) A member designated by the Board of Directors of the North Carolina Travel Industry Association.

(9) The President of the North Carolina Chamber.

(10) One member designated by the North Carolina Petroleum Marketers Association.

(11) One person—Four persons appointed by the Speaker of the House of Representatives; one of whom shall be associated with the tourism attractions in North Carolina, appointed by the Speaker of the House of Representatives. One person who is in industry and one of whom shall not be a member of the General Assembly, appointed by the Speaker of the House of Representatives, Assembly.

(12) One person—Four persons appointed by the President Pro Tempore of the Senate; one of whom shall be associated with the tourism-related transportation industry, appointed by the President Pro Tempore of the Senate. One person who is not in tourism industry and one of whom shall not be a member of the General Assembly, appointed by the President Pro Tempore of the Senate, Assembly.

(13) Four public members, each interested in matters relating to travel and tourism, two appointed by the Governor (one from a rural area and one from an urban area), one appointed by the Speaker of the House, and one appointed by the President Pro Tempore of the Senate.

(14) One member associated with the major cultural resources and activities of the State in North Carolina—Two members appointed by the Governor, one of whom is involved in the tourism industry.

(15) Two members of the House of Representatives, appointed by the Speaker of the House of Representatives. One at-large member appointed by the Board of the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b).

(16) Two members of the Senate, appointed by the President Pro Tempore of the Senate.

(17) Two members designated by the Board of Directors of North Carolina Watermen United who represent the charter boat/headboat industry.

(d) The members of the Board shall serve the following terms: the Secretary of Commerce, the chief executive officer of the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), and the Chairperson of the Travel and Tourism Coalition, the President of the North Carolina Travel Industry Association, and the President of the North Carolina Chamber Coalition shall serve on the Board while they hold their respective offices. Each member of the Board appointed by the Governor shall serve during his or her term of office. The members of the Board appointed by the General Assembly shall serve two-year terms beginning on January 1, 1991, or as soon thereafter as the member is appointed to the Board, and end on December 31, 1992, or as soon thereafter as the member is appointed to the Board, and end on December 31, 1992, August 31, 2018. All other members of the Board shall serve a term which consists of the portion of calendar year 1991 that remains following their appointment or designation and ends on August 31, 2017, and, thereafter, two-year terms which shall begin on January 1, 1992, and end on December 31, 1994, and August 31, 2019.

(g) Board members who are employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. Board members who are legislators shall be reimbursed for travel and subsistence in accordance with G.S. 120-3.1. All other Board members, except those serving pursuant to subdivisions (3) through (10) of subsection (c) of this section, shall
receive per diem, subsistence, and travel expenses, paid by the Department of Commerce at the rate set forth in G.S. 138-5. Board members serving pursuant to subdivisions (3) through (10) of subsection (c) of this section shall not receive per diem, subsistence, or travel expenses. The expenses set forth in this section shall be paid by the Department of Commerce expenses but shall be reimbursed at the discretion of the appointing organization.

(h) At its first meeting in 1991, the Board shall elect one of its voting members to serve as Chairperson during calendar year 1991. Chairperson. At its last regularly scheduled meeting in 1991, and at its last regularly scheduled meeting in each year thereafter, year, the Board shall elect one of its voting members to serve as Chairperson for the coming calendar year. No person shall serve as Chairperson during more than three consecutive calendar years. The Chairperson shall continue to serve until his or her successor is elected.

SECTION 15.6.(b) G.S. 143B-431.01(c) reads as rewritten:

"(c) Oversight. – There is established the Economic Development Accountability & Standards Committee, which shall be treated as a board for purposes of Chapter 138A of the General Statutes. The Committee shall consist of seven members as follows: the Secretary of Commerce as Chair of the Committee, the Secretary of Transportation, the Secretary of Environmental Quality, the Secretary of Revenue, the Chair of the North Carolina Travel and Tourism Board, one member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, and one member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate, and one member appointed by the General Assembly upon the joint recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Members appointed by the General Assembly shall be appointed for four-year terms beginning July 1 and may not be members of the General Assembly.

The Committee shall be administratively housed in the Department of Commerce. The Department of Commerce shall provide for the administrative costs of the Committee and shall provide staff to the Committee. The Committee shall meet at least quarterly upon the call of the Chair. The duties of the Committee shall include all of the following:

(4) Auditing, at least biennially, by the Office of State Budget and Management, State Auditor, or internal auditors of the Department, the records of the North Carolina nonprofit corporation with which the Department has contracted pursuant to this section during and after the term of the contract to review financial documents of the corporation, performance of the corporation, and compliance of the corporation with applicable laws. A copy of any audit performed at the request of the Committee shall be forwarded to the North Carolina Travel and Tourism Board.

SECTION 15.6.(c) Subsection (a) of this section is effective when it becomes law and applies to appointments made on or after that date. Terms of appointees serving on the Board at that time expire on the effective date, but members may continue to serve until new members are appointed under this section.

ENCOURAGE INTER-TIER COOPERATION FOR JDIG

SECTION 15.7.(a) G.S. 143B-437.53 reads as rewritten:

"§ 143B-437.53. Eligible projects.

(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one development tier area, the location with the highest development tier area designation determines the minimum number of eligible positions that must be created.
<table>
<thead>
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<th>Development Tier Area</th>
<th>Number of Eligible Positions</th>
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<tr>
<td>Tier One</td>
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</tr>
<tr>
<td>Tier Two</td>
<td>20</td>
</tr>
<tr>
<td>Tier Three</td>
<td>50</td>
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</tbody>
</table>

SECTION 15.7.(b) Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-437.56A. Multilocation projects.

(a) Except as provided in subsection (b) of this section, if a project will be located in more than one development tier area, the location with the highest area designation determines the standards applicable under this Part to the project.

(b) For purposes of G.S. 143B-437.56(d), if a project will be located in more than one development tier area, the location with the lowest area designation determines the percentage of the annual grant approved for disbursement payable to the Utility Account pursuant to G.S. 143B-437.61 if (i) the project will have at least one location in a development tier three area, (ii) the project will have at least one location in a development tier one or two area, and (iii) at least sixty-six percent (66%) of the number of eligible positions created or the total benefits of the project to the State, as calculated pursuant to G.S. 143B-437.52, or both are located in the lowest area designation."

SECTION 15.7.(c) This section becomes effective January 1, 2017, and applies to awards made on or after that date.

COMMUNITY PLANNERS AND PROSPERITY ZONES

SECTION 15.8. Section 4.1 of S.L. 2014-18, as amended by Section 14.1 of 2015-241 and Section 5.2A of S.L. 2015-268, reads as rewritten:

"SECTION 4.1. No later than January 1, 2015, the Departments of Commerce, Environment and Natural Resources, and Transportation shall have at least one employee physically located in the same office in each of the Collaboration for Prosperity Zones set out in G.S. 143B-28.1 to serve as that department's liaison with the other departments and with local governments, schools and colleges, planning and development bodies, and businesses in that zone. The departments shall jointly select the office. For purposes of this Part, the Department of Commerce may contract with a North Carolina nonprofit corporation pursuant to G.S. 143B-431A, as enacted by this act, to fulfill the departmental liaison requirements for each office in each of the Collaboration for Prosperity Zones, and the Department of Environment and Natural Resources shall fulfill the departmental liaison requirements from existing and funded positions. The Department of Commerce shall additionally have at least one employee from the Rural Economic Development Division Main Street and Rural Planning Center physically located in each office in each of the Collaboration for Prosperity Zones, who shall be responsible for assisting communities in the Prosperity Zone with adding value to their economic and community development projects by assisting communities with solutions, including economic development strategic planning, land-use planning, implementation services, downtown economic revitalization, and technical support.

No later than January 1, 2015, the Community Colleges System Office shall designate at least one representative from a community college or from the Community Colleges System Office to serve as a liaison in each Collaboration for Prosperity Zone for the community college system, the community colleges in the zone, and other educational agencies and schools within the zone. A liaison may be from a business center located in a community college. These liaisons are not required to be colocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation.

No later than January 1, 2015, the State Board of Education shall designate at least one representative from a local school administrative unit or from the Department of Public Instruction to serve as a liaison in each Collaboration for Prosperity Zone for the local school administrative units and other public schools within the zone. These liaisons are not required to..."
be collocated with the liaisons from the Departments of Commerce, Environment and Natural Resources, and Transportation."

**JOB AND ECONOMIC DEVELOPMENT MARKETING AND ADVERTISING EXPANSION**

**SECTION 15.9.(a)** Out of funds appropriated in this act to the Department of Commerce, the sum of three million seven hundred fifty thousand dollars ($3,750,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used for marketing and advertising of the State designed to promote economic development, business development, and job recruitment; provided, however, nothing in this section shall be construed to permit the use of funds for any comprehensive State branding strategy or purposes. Funds may be used for media purchases for marketing and advertising campaigns on television, online video, and print; ongoing analytics activities to track efficiency of owned and paid digital media investment in generating development and recruitment activity in the State; and additional development and deployment of online recruitment efforts of the State, including social media strategy. The Department may delegate the responsibilities provided in this section to a nonprofit corporation with which it contracts, pursuant to G.S. 143B-431.01. Funds used pursuant to this section shall be allocated as follows:

<table>
<thead>
<tr>
<th>Amount of funds</th>
<th>Use of funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500,000</td>
<td>Domestic marketing and advertising</td>
</tr>
<tr>
<td>$1,250,000</td>
<td>International marketing and advertising</td>
</tr>
</tbody>
</table>

**SECTION 15.9.(b)** The Department of Commerce shall report on the use of all funds allocated pursuant to this section, including, at a minimum, fund expenditures that have been made or are anticipated or obligated to be made, any commissions paid, including those to a buyer for media purchases, and the results of any analytics performed, accompanied by an executive summary of the results. An initial report is due no later than March 1, 2017, and a final report is due no later than October 1, 2017. The reports shall be submitted to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division.

**INTERNATIONAL RECRUITING COORDINATION OFFICE**

**SECTION 15.10.(a)** Part 1 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-432.2. Department of Commerce – International Recruiting Coordination Office.  
(a) Creation. – The International Recruiting Coordination Office is created in the Department of Commerce.  

(b) Duties. – The Office shall be responsible for the following:  
(1) Entertaining and providing for the hosting of international visitors and delegations considering the State as a business destination or for economic development investment or expansion.  
(2) Procuring and providing gifts considered customary and appropriate for cultural reasons.  
(3) Screening foreign investments to identify risks to State or national security or both.  
(4) Coordinating with the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01 on (i) international and domestic marketing and advertising of the State as a business destination or recipient of economic investment and (ii) performance of the duties under subdivision (1) of this subsection.  

(c) Report. – On or before October 1 of each year, the Office shall report to the chairs of the Economic Development and Global Engagement Committee, the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division of the Legislative Services Commission on all expenditures made by
the Office, including (i) the number and country of origin of individuals entertained or hosted, (ii) the number and country of origin of delegations entertained or hosted, (iii) the entertainment and hosting activities provided, and (iv) jobs and foreign investments resulting from and leads generated by entertainment and hosting activities.

(d) Staff. – The salary of the employees of the Office shall be fixed by the Secretary. The employees shall serve at the pleasure of the Secretary and be exempt from the North Carolina Human Resources Act, as provided in G.S. 126-5(c1)."

SECTION 15.10.(b) G.S. 126-5(c1) reads as rewritten:
"(c1) Except as to the provisions of Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to:

(30) Employees of the Department of Commerce employed in the Rural Economic Development Division.

(30a) Employees of the Department of Commerce employed in the International Recruiting Coordination Office created in G.S. 143B-432.2.

BROADBAND FUNDING

SECTION 15.11.(a) Of the funds appropriated in this act to the Rural Economic Development Division within the Department of Commerce, the sum of two hundred fifty thousand dollars ($250,000) shall be allocated to the Fayetteville Cumberland County Economic Development Corporation (Corporation) as a grant-in-aid to be used for economic development activities, to include a regional small business incubator that utilizes the broadband initiative designed for communities in Tier 1 or 2 counties. The Corporation may use funds received pursuant to this section to support a public-private partnership entered into pursuant to G.S. 143-128.1C, or privately owned projects, to the extent allowed by State and federal law.

SECTION 15.11.(b) Of the funds appropriated in this act to the Rural Economic Development Division within the Department of Commerce, the sum of two hundred fifty thousand dollars ($250,000) shall be allocated to Stokes County to be used to provide broadband Internet access to underserved areas within the County.

SECTION 15.11.(c) In cooperation with the Corporation and Stokes County, the Department shall report on the grant-in-aid funding allocated pursuant to this section on or before October 1, 2017, to the Fiscal Research Division. The report shall include details about how the initiative complies with the State broadband plan, a timeline for proposed projects, details of any completed projects, and any other expected outcomes.

DOWNTOWN REVITALIZATION PROJECTS

SECTION 15.12.(a) Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of five million twenty dollars ($5,000,020) in nonrecurring funds for the 2016-2017 fiscal year shall be used to provide a grant-in-aid in the amount of ninety-four thousand three hundred forty dollars ($94,340) for downtown revitalization projects for each of the following municipalities: Albemarle, Angier, Asheboro, Beulaville, Boone, Burgaw, Cherryville, Clemmons, Clinton, Clyde, Cornelius, Eden, Edenton, Elizabethtown, Fayetteville, Forest City, Gastonia, Greenville, Hickory, Hillsborough, Huntersville, Jacksonvillle, Jefferison, Kannapolis, Kernersville, King, Kinston, Laurinburg, Lumberton, Marion, Matthews, Mint Hill, Mocksville, Mooresville, Morehead City, Mt. Airy, Pleasant Garden, Raeford, Roanoke Rapids, Rockingham, Rocky Mount, Roxboro, Salisbury, Shelby, Southport, Statesville, Thomasville, Valdese, Wadesboro, Wake Forest, Washington, Wilkesboro, and Wilson.

SECTION 15.12.(b) Of the funds appropriated in this act to the Rural Economic Development Division of the Department of Commerce, the sum of seven hundred twenty-five thousand dollars ($725,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used...
to provide a grant-in-aid for downtown revitalization projects for each of the following municipalities in the following amounts:

1. The Town of High Point – $500,000.
2. The Town of Louisburg – $150,000.
3. The Town of Wake Forest – $50,000.
4. The Town of Garner – $25,000.

PART XVI. DEPARTMENT OF NATURAL AND CULTURAL RESOURCES

SALVAGE OF ABANDONED SHIPWRECKS CLARIFICATION

SECTION 16.2. G.S. 121-25 reads as rewritten:

"§ 121-25. License to conduct exploration, recovery or salvage operations.
...
(b) All photographs, video recordings, or other documentary materials of a derelict vessel or shipwreck or its contents, relics, artifacts, or historic materials in the custody of any agency of North Carolina government or its subdivisions shall be a public record pursuant to G.S. 132-1. There shall be no limitation on the use of or no requirement to alter any such photograph, video recordings, or other documentary material, and any such provision in any agreement, permit, or license shall be void and unenforceable as a matter of public policy. Chapter 132 of the General Statutes."

UMSTEAD ACT CONFORMING CHANGES

SECTION 16.3. G.S. 66-58 reads as rewritten:

"§ 66-58. Sale of merchandise or services by governmental units.
(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of the unit, department or agency, or any individual employee or employees of the unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to provide transportation services, or to contract with any person, firm or corporation for the operation or rendering of the businesses or services on behalf of the unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.
(b) The provisions of subsection (a) of this section shall not apply to:
...
(9) The Department of Environmental Quality. The North Carolina Wildlife Resources Commission may sell for the sale of wildlife memorabilia as a service to members of the public interested in wildlife conservation.
(9a) The North Carolina Forest Service.
(9b) The Department of Natural and Cultural Resources for the sale of food pursuant to G.S. 111-47.2 and the sale of books, crafts, gifts, and other tourism-related items and revenues from public and private special events, activities, and programming at State parks, State aquariums, historic sites and museums administered by the Department, provided that the resulting profits are used to support the operation of historic sites or museums and provided further that the those sites. This exemption does not allow the Department shall not to construct, maintain, operate, or lease a hotel or tourist inn in any park—site or facility over which it has
jurisdiction, except that the North Carolina Zoological Park may lease a portion of the Park on which a private entity may construct and operate a hotel and related facilities. Nothing in this subdivision is intended to exempt the Park from any other applicable laws pertaining to contracting or to leasing of State property.

STATE PARKS LEGACY LODGING REQUIREMENTS

SECTION 16.3A. No later than December 1, 2016, the Department of Natural and Cultural Resources shall report to the Fiscal Research Division and the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources regarding its plans for the operation, maintenance, and renovation of legacy lodging facilities at Haw River State Park and Hanging Rock State Park. In its report, the Department shall provide options for efficient management of the legacy lodging facilities, including self-management, public-private partnerships, private leasing, and other arrangements that minimize the need for recurring State funding. In its report, the Department shall identify statutory changes needed to implement the alternatives provided in the report.

CLARIFY VENDING FACILITIES EXEMPTION

SECTION 16.4.(a) G.S. 111-47.2 reads as rewritten:

"§ 111-47.2. Food service at State parks, museums and historic sites operated by the Department of Natural and Cultural Resources.

Notwithstanding this Article, the North Carolina Department of Natural and Cultural Resources may operate or contract for the operation of food or vending services at State parks, museums and historic sites operated by the Department. Notwithstanding G.S. 111-43, the net proceeds of revenue generated by food and vending services provided at museums and historic sites operated by the Department or a vendor with whom the Department has contracted shall be credited to the appropriate fund of the museum or historic site Department where the funds were generated and shall be used for the operation of that State park, museum or historic site."

SECTION 16.4.(b) This section shall not apply to any existing contract for food or vending services at any attraction managed by the Department of Natural and Cultural Resources entered into prior to July 1, 2016.

GRASSROOTS SCIENCE AMENDMENTS

SECTION 16.5. G.S. 143B-135.227 reads as rewritten:

"§ 143B-135.227. Grassroots science competitive grant program. North Carolina Science Museums Grant Program.

(a) Grant Program. – The North Carolina State Museum of Natural Sciences (hereinafter "Museum of Natural Sciences") shall administer the Grassroots Science North Carolina Science Museums Grant Program as a competitive grant program. Any museum in the State may apply for a grant under the program, including a museum that has received a grant-in-aid as a grassroots science museum in prior fiscal years. Program, but grant funds shall be awarded only if the museum meets the criteria established in subsection (d) of this section. No museum shall be guaranteed a grant under the competitive grant program. Program.

(b) Transition Requirements. – For the 2016-2017 fiscal year, the Museum of Natural Sciences shall award grants for a one-year period as set forth in this subsection. Any museum may submit an application for funding. If the museum received funding during the 2015-2016 fiscal year under the Grassroots Science Program, and the Museum of Natural Sciences determines those museums meet the criteria for funding established in subsection (d) of this section, it shall be funded at a level determined as set forth in subsection (b1) of this section. Funds remaining after funding of eligible 2015-2016 fiscal year Grassroots Science Program recipients may be awarded to other museums under the criteria set forth in subsections (b1), (d), and (e) of this section.
(b1) Tier-Based Funding Preferences. – The Museum of Natural Sciences shall reserve seven hundred fifty thousand dollars ($750,000) for the purpose of awarding grants to museums located in development tier one counties and six hundred thousand dollars ($600,000) for museums located in development tier two counties. The development tier designation of a county shall be determined as provided in G.S. 143B-437.08. If, after the initial awarding of grants to all museum applicants who meet the eligibility criteria provided for in subsection (d) of this section, there are funds remaining in any development tier category, the Museum of Natural Sciences may reallocate those funds to another development tier category. The maximum amount of each grant awarded in any fiscal year shall be (i) seventy-five thousand dollars ($75,000) for a museum in a development tier one county; (ii) sixty thousand dollars ($60,000) for a museum in a development tier two county; and (iii) fifty thousand dollars ($50,000) for a museum in a development tier three county.

(c) Beginning July 1, 2017, it is the intent of the General Assembly that the Museum of Natural Sciences shall award grants under this program for a two-year period. For each two-year grant cycle, the Museum of Natural Sciences shall reserve the amounts for development tier one and tier two counties and shall award the maximum grant amounts for each year of the grant cycle as provided in subsection (b)(b1) of this section. All the tier-based funding preferences in subsection (b1) of this section and other provisions of subsections (b), the requirements of subsections (d), (d) and (e) of this section shall apply to the two-year grants. If there are funds remaining after the awarding of grants to all museum applicants meeting the eligibility criteria set forth in subsection (d) of this section in any grant cycle, the remaining balance of funds shall be distributed equally to all museum applicants awarded funds during that grant cycle without regard to the maximum grant amounts established in subsection (b1) of this section.

(d) To be eligible to receive a grant under the competitive grant program, a museum shall demonstrate:

(1) That it is a science center or museum or a children's museum that is physically located in the State.
(2) That it has been open, operating, and exhibiting science or science, technology, engineering, and math (STEM) education objects to the general public at least 120 days of each year for the past two or more years.
(3) That it is either (i) a nonprofit organization that is exempt from federal income taxes pursuant to section 501(c)(3) of the Internal Revenue Code or (ii) an organization that received funding in fiscal year 2015-2016 from the Grassroots Science Program.
(4) That it has on its staff at least one full-time professional person.
(5) That its governing body has adopted a mission statement that includes language that shows the museum has a concentration on science or STEM education and that the adopted mission statement has been in effect for the past two or more years.
(6) In its application, in a format to be determined by the Museum of Natural Sciences, a detailed plan for (i) the proposed use of the funds and (ii) measurements to demonstrate at the end of the grant cycle that the use of the funds has had the projected results.

(f) The Department may create one new position to administer the program using no more than fifty thousand dollars ($50,000) of funds appropriated to the North Carolina Science Museums Grant Program in each fiscal year. In addition to administering the Grant Program, this position shall also (i) serve as a liaison between grant applicants or recipients and the Museum to answer questions and assist with grant applications; (ii) foster collaboration between the Museum and grant recipients with respect to education program development and the loaning of exhibits from the Museum or between grantee institutions; and (iii) undertake other duties in support of the Grant Program at the discretion of the Director of the Museum.
MODIFY ZOO AND AQUARIUM SPECIAL FUNDS

SECTION 16.6 (a) G.S. 143B-135.209 reads as rewritten:

(b) Disposition of Fees. Receipts. – All fee receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities shall be credited to the North Carolina Zoological Park’s General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina Zoological Park’s General Fund operating budget to the North Carolina Zoo Fund an amount not to exceed one million dollars ($1,000,000) or the sum of one million five hundred thousand dollars ($1,500,000) and any private donations received by the North Carolina Zoological Park

c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for repair and renovation projects at the North Carolina Zoological Park recommended by the Council that comply with the following:

(1) The total project cost is less than three hundred thousand dollars ($300,000).
(2) The project meets the requirements of G.S. 143C-4-3(b).
(3) The project is paid for from funds appropriated to the Fund.
(4) The project does not obligate the State to provide increased recurring funding for operations.

d) Report. – The Department shall submit to the House and Senate appropriations committees with jurisdiction over natural and economic resources, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Zoo Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 16.6 (b) G.S. 143B-135.188 reads as rewritten:
"§ 143B-135.188. North Carolina Aquariums; fees; fund.

(c) Disposition of Fees. Receipts. – All fee receipts derived from the collection of admissions charges and other fees and the lease or rental of property or facilities shall be credited to the aquariums’ General Fund operating budget. At the end of each fiscal year, the Secretary may transfer from the North Carolina aquariums’ General Fund operating budget to the North Carolina Aquariums Fund an amount not to exceed the sum of the following:

(1) One million dollars ($1,000,000).
(2) One million five hundred thousand dollars ($1,500,000).
(3) The amount needed to cover the expenses described by subdivision (2) of subsection (b) this section.
(4) Any private donations received by the North Carolina aquariums.

d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

(1) The total project cost is less than three hundred thousand dollars ($300,000).
(2) The project meets the requirements of G.S. 143C-4-3(b).
(3) The project is paid for from funds appropriated to the Fund.
(4) The project does not obligate the State to provide increased recurring funding for operations.

(f) Report. – The Department shall submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division by September 30 of each year a report on the North Carolina Aquariums Fund that shall include the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

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PARKS AND RECREATION TRUST FUND ELIGIBILITY

SECTION 16.7. G.S. 143B-135.56(b)(1) reads as rewritten:
"(1) Sixty-five percent (65%) for the State Parks System or a State recreational forest for capital projects, repairs and renovations of park facilities, and land acquisition."

UPDATE SYMPHONY CONTRACT

SECTION 16.9. The North Carolina Symphony and the North Carolina Symphony Society, Inc., shall review and update the contractual agreement used with all nonsymphony performers no later than October 1, 2016, and shall submit for review the updated agreement to the Joint Legislative Commission on Government Operations by November 1, 2016, together with a summary of all changes made to the agreement as a result of the review.

MONTFORD POINT MEMORIAL FUNDS

SECTION 16.10.(a) The General Assembly finds all of the following:

1. In 1941, amid the escalating mobilization of World War II, what is now Marine Corps Base Camp Lejeune was established as Marine Corps Barracks New River to serve as an operational staging area on the east coast of the United States for the 1st Marine Division and the 1st Marine Air Wings of the United States Marine Corps.

2. In 1942, President Franklin D. Roosevelt issued a presidential directive giving African-Americans the opportunity to be recruited into the Marine Corps.

3. These first African-American recruits were sent, not to traditional boot camps at Parris Island, South Carolina, and San Diego, California, but to a separate training facility established at Montford Point within Camp Lejeune.

4. Between 1942 and 1949, approximately 20,000 African-American Marines received basic training at Montford Point and went on to serve their country with honor and distinction; and paved the way for African-American Marines to serve their country in every role and capacity within the United States Marine Corps.

5. The Montford Point Marine Association was established in 1965 to honor and memorialize the courage, service, and bravery of these first African-American Marines.

6. The membership of the Montford Point Marine Association includes many of the remaining members of the original Montford Point Marines and their direct descendants.

7. In partnership with the Montford Point Marine Association and numerous other donors, the City of Jacksonville and the County of Onslow, North Carolina, have honored the Montford Point Marines through the provision of generous funding to construct a Memorial within the City of Jacksonville's Memorial Park.

8. Additional funds are necessary to complete the Memorial while some of the Montford Point Marines are still living.

9. The Memorial will be officially dedicated in July 2016 during the 51st Annual Meeting of the Montford Point Marine Association, to be held in Jacksonville in July 2016.

SECTION 16.10.(b) Of the funds appropriated to the Parks and Recreation Trust Fund for the 2016-2017 fiscal year to provide matching grants to local governmental units, the sum of three hundred thirty thousand dollars ($330,000) is allocated to the City of Jacksonville for completion of Phase II of the Montford Point Marine Memorial within the city's Memorial Park.
SECTION 16.10.(c) Notwithstanding any law or policy to the contrary, the one-to-one match required by G.S. 143B-135.56(b)(2), is met by the four hundred fifty thousand dollars ($450,000) already provided by the City of Jacksonville and Onslow County for Phase I of the Memorial.

PART XVII. DEPARTMENT OF PUBLIC SAFETY

SUBPART XVII-A. GENERAL PROVISIONS

REPEAL POSITION RECLASSIFICATION AUTHORITY
SECTION 17A.1. Section 16A.3 of S.L. 2015-241 is repealed.

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES
SECTION 17A.2.(a) Notwithstanding any other provision of law, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2015-2017 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium. This subsection shall not apply to any of the following annual transfers to the Office of the Governor:

(1) Two hundred thirty-four thousand eight hundred ninety-one dollars ($234,891) for administrative support.
(2) Up to fifty thousand dollars ($50,000) for litigation expenses.

SECTION 17A.2.(b) This section becomes effective July 1, 2015. If any transfers that violate this section are made prior to this section becoming effective, those transfers shall be undone within 15 days of this section becoming effective.

CLARIFY THAT SBI DIRECTOR EXERCISES POWERS INDEPENDENTLY
SECTION 17A.3. G.S. 143B-600(b) reads as rewritten:
"(b) The powers and duties of the deputy secretaries, commissioners, directors, and the divisions of the Department shall be subject to the direction and control of the Secretary of Public Safety, except that the powers and duties of the North Carolina Alcoholic Beverage Control Commission shall be exercised independently of the Secretary, in accordance with G.S. 18B-200. Following agencies shall be exercised independently of the Secretary in accordance with the following statutes:

(1) The North Carolina Alcoholic Beverage Control Commission, in accordance with G.S. 18B-200;
(2) The State Bureau of Investigation, in accordance with G.S. 143B-915;"

VETERANS LIFE CENTER REPORTING
SECTION 17A.4.(a) Report Prior to Expenditure of State Funds. – The Veterans Leadership Council of North Carolina-Cares shall not spend the funds appropriated in this act for the Veterans Life Center until it has reported to the Department of Public Safety and to the Department of Military and Veterans Affairs all of the following:

(1) The mission of the Veterans Life Center.
(2) An itemization of all of the operating and capital costs of the Center.
(3) Identification of all funding sources available to support the Veterans Life Center.

SECTION 17A.4.(b) Report After Expenditure of State Funds. – No later than August 1, 2017, The Veterans Leadership Council of North Carolina-Cares shall report to the Department of Public Safety and to the Department of Military and Veterans Affairs on the expenditure of the funds appropriated to it in this act for the Veterans Life Center.

SECTION 17A.4.(c) Reports Are in Addition to Others Required. – The requirements of this section are in addition to the reporting requirements set forth in Article 6 of Chapter 143C of the General Statutes.
SUBPART XVII-B. DIVISION OF LAW ENFORCEMENT

REQUIRE QUARTERLY VIPER REPORT

SECTION 17B.1. Section 16B.2 of S.L. 2015-241 reads as rewritten:

"SECTION 16B.2. The Department of Public Safety shall report annually no later than March 1 and quarterly thereafter to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the progress of the State's VIPER system."

CHANGE DOMESTIC VIOLENCE HOMICIDE REPORT DUE DATE

SECTION 17B.2. G.S. 143B-901 reads as rewritten:

"§ 143B-901. Reporting system and database on certain domestic-violence-related homicides; reports by law enforcement agencies required; annual report to the General Assembly.

The Department of Public Safety, in consultation with the North Carolina Council for Women/Domestic Violence Commission, the North Carolina Sheriffs' Association, and the North Carolina Association of Chiefs of Police, shall develop a reporting system and database that reflects the number of homicides in the State where the offender and the victim had a personal relationship, as defined by G.S. 50B-1(b). The information in the database shall also include the type of personal relationship that existed between the offender and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and whether there was a pending charge for which the offender was on pretrial release pursuant to G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the Department of Public Safety upon making a determination that a homicide meets the reporting system's criteria. The report shall be made in the format adopted by the Department of Public Safety. The Department of Public Safety shall report to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety, no later than February April 1 of each year, with the data collected for the previous calendar year."

SUBPART XVII-C. DIVISION OF ADULT CORRECTION

MISDEMEANANT CONFINEMENT PROGRAM

SECTION 17C.1.(a) Recurring funds appropriated for the Statewide Misdemeanant Confinement Fund shall be used for the Statewide Misdemeanant Confinement Program. These funds shall not be transferred to a special fund. This subsection shall apply beginning with the 2016-2017 fiscal year and shall remain in effect beyond the 2015-2017 fiscal biennium.

SECTION 17C.1.(b) G.S. 148-10.4(e) is repealed.

SECTION 17C.1.(c) Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

(1) The sum of one million dollars ($1,000,000) shall be transferred to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.

(2) The sum of two hundred twenty-five thousand dollars ($225,000) shall be allocated to the Division of Adult Correction for its administrative and operating expenses for the Program.

SECTION 17C.1.(d) G.S. 148-32.1 reads as rewritten:

"§ 148-32.1. Local confinement, costs, alternate facilities, parole, work release.

..."

(b1) It is the intent of the General Assembly to authorize the Division of Adult Correction to enter into voluntary agreements with counties to provide housing for misdemeanants serving periods of confinement of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. It is further the intent of the General Assembly that the Division of Adult Correction, in conjunction with the North
Carolina Sheriffs' Association, Inc., establish a program for housing misdemeanants serving periods of confinement of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. It is also the intent of the General Assembly that the Division of Adult Correction contract with the North Carolina Sheriffs' Association, Inc., to provide a service that identifies space in local confinement facilities that is available for housing these misdemeanants.

The General Assembly intends that the cost of housing and caring for these misdemeanants, including, but not limited to, care, supervision, transportation, medical, and any other related costs, be covered by State funds and not be imposed as a local cost. Therefore, the General Assembly intends that the funds in the Statewide Misdemeanant Confinement Fund established in G.S. 148-10.4 appropriated for the Statewide Misdemeanant Confinement Program be used to provide funding to cover the costs of managing a system for providing that housing of misdemeanants in local confinement facilities as well as reimbursing the counties for housing and related expenses for those misdemeanants.

(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of Adult Correction to do so.

This Program shall only operate as long as sufficient State funds are available through the Statewide Misdemeanant Confinement Fund established in G.S. 148-10.4(c).

INMATE GRIEVANCE RESOLUTION BOARD REPORT CHANGES

SECTION 17C.2. Section 16C.13B(b) of S.L. 2015-241 reads as rewritten:

"SECTION 16C.13B.(b) The Department of Public Safety and the Inmate Grievance Resolution Board shall report by October 1 of each year to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the Inmate Grievance Resolution Board. The annual report shall include the following with respect to the prior fiscal year:

(1) Brief summary of the inmate grievance process.
(2) Number of grievances submitted to grievance appeals received by the Board.
(3) Number of grievances grievance appeals resolved by the Board.
(4) Type of grievance by category.
(5) Number of orders filed written by examiners."

MEDICAL COSTS FOR INMATES AND JUVENILE OFFENDERS

SECTION 17C.2A. G.S. 143B-707.3 reads as rewritten:

"§ 143B-707.3. Medical costs for inmates and juvenile offenders.

(c) The Department of Public Safety shall report November 1, 2016 and quarterly thereafter to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

(1) The number of the total inmates and juvenile offenders requiring hospitalization or hospital services who receive that treatment at each hospital.
(2) The volume of services provided by community medical providers that can be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted providers.

(3) The volume of services provided by community medical providers that cannot be scheduled in advance and, of that volume, the percentage of those services that are provided by contracted providers.

(4) The volume of services provided by community medical providers that are emergent cases requiring hospital admissions and emergent cases not requiring hospital admissions.

(4a) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.

(4b) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.

(5) The volume of inpatient medical services provided to Medicaid-eligible inmates and juvenile offenders, the cost of treatment, and the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

(5a) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.

(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates and juvenile offenders served, and the number of claims, and whether the hospital was a contracted or noncontracted facility.

(7) The total cost and volume for the previous fiscal quarter for emergency room visits originating from Central Prison and NCCIW Hospitals to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital.

(8) The total payments for Medicaid and non-Medicaid eligible inmates to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital, including the number of days between the date the claim was filed and the date the claim was paid.

(9) A list of hospitals under contract.

Reports submitted on August 1 shall include totals for the previous fiscal year for all the information requested.

(d) The Department of Public Safety shall study whether contracts to provide inmate health services can be expanded to additional hospitals. The Department shall report the findings of its study to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety no later than February 1, 2017. The report shall include a list of hospitals considered for expansion and reasons for or against expanding to each hospital.”

STUDY WHETHER PROBATION AND PAROLE OFFICERS SHOULD TAKE STATE VEHICLES HOME

SECTION 17C.3. The Department of Public Safety, in consultation with the Department of Administration and the Department of Revenue, shall study whether probation and parole officers should be allowed to take their State vehicles home with them, and the possible tax implications of doing so, and report their findings and recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.
SECTION 17C.4. G.S. 143B-1155(c) reads as rewritten:

"(c) The Division of Adult Correction - The Department of Public Safety, Community Corrections Section, shall report by March 1 of each year to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety and the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the programs funded through the Treatment for Effective Community Supervision Program. The report shall include the following information:

1. Recidivism Reduction Services:
   a. The method by which offenders are referred to the program.
   b. The target population.
   c. The amount of services contracted for and the amount of funding expended in each fiscal year.
   d. The supervision type.
   e. The risk level of the offenders served.
   f. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
   g. The demographics of the population served.
   h. The number and kind of mandatory and optional services received by offenders in this program.
   i. Employment status at entry and exit.
   j. Supervision outcomes, including completion, revocation, and termination.

2. An analysis of offender participation data received, including the following:
   a. The number of people on probation and post-release supervision that are in the priority population that received services.
   b. The number of people on probation and post-release supervision that are in the priority population that did not receive services.
   c. The number of people on probation and post-release supervision outside of the priority population that received services.
   d. The type of services provided to these populations, including data on each program’s utilization, capacity, and completion rates.
   e. The rate of revocations and the educational progress and employment status of people who received services.
   f. Other measures as determined appropriate.
   g. Supervision outcomes, including completion, revocation, and termination.

3. The dollar amount needed to provide additional services to meet the needs of the priority population in the upcoming budget year.

   a. The target population.
   b. The amount of funds contracted for and expended each fiscal year.

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c. The supervision type.
d. The risk level of the offenders served.
g. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
f. The demographics of the population served.
g. The employment status at entry and exit.
h. Supervision outcomes, including completion, revocation, and termination.

(4) Details of personnel, travel, contractual, operating, and equipment expenditures for each program type:
Local Reentry Councils (LRC):
a. The target population.
b. The amount of funds contracted for and expended each fiscal year.
c. The supervision type.
d. The risk level of the offenders served.
e. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
f. The demographics of the population served.
g. The employment status at entry and exit including, wherever possible, the average wage received at entry and exit.
h. Supervision outcomes, including completion, revocation, and termination.

(5) Intensive Outpatient Services. – If the Department enters into a contract for Intensive Outpatient Services, the Department of Public Safety shall report in the next fiscal year on this service including the following:
a. The target population.
b. The amount of funds contracted for and expended each fiscal year.
c. The supervision type.
d. The risk level of the offenders served.
e. The number of successful and unsuccessful core service exits with a breakdown of reasons for unsuccessful exits.
f. The demographics of the population served.
g. Supervision outcomes, including completion, revocation, and termination.

CHANGE PAYMENT STRUCTURE FOR RECIDIVISM REDUCTION SERVICES
SECTION 17C.5. G.S. 143B-1156 is amended by adding a new subsection to read:
"(e) The Department shall pay service providers the contract base award upon initiation of services with the remaining payments made as milestones are reached as stated in the contract for services. Should the vendor cancel or terminate the contract prior to its conclusion, the vendor shall reimburse the Department for the unearned pro rata portion of the base award."

SUBPART XVII-D. NATIONAL GUARD [RESERVED]

PART XVIII. DEPARTMENT OF JUSTICE

CREATION OF SOCIAL MEDIA TRAINING FOR LAW ENFORCEMENT
SECTION 18.1. The North Carolina Justice Academy shall develop and make available to law enforcement officers in this State an online training course on the use of social media. The course shall include methods individual law enforcement officers can take to protect their personal information.

LAW ENFORCEMENT CERTIFICATION AND TRAINING CLARIFICATION
SECTION 18.2. G.S. 17C-6(a)(7) reads as rewritten:
"(7) Certify and recertify, suspend, revoke, or deny, pursuant to the standards that it has established for the purpose, criminal justice instructors and school
directors who participate in programs or courses of instruction that are required by this Chapter or are required and approved by their respective criminal justice agency to include those certified under Chapter 17E or an educational institution accredited by the Commission.”

PART XIX. JUDICIAL DEPARTMENT [RESERVED]

SUBPART XIX-A. OFFICE OF INDIGENT DEFENSE SERVICES

STUDY CAPITAL CASE PROSECUTION

SECTION 19A.3.(a) The Office of Indigent Defense Services, in consultation with the Conference of District Attorneys, shall study what changes can be made to the current system of identifying, from the pool of cases in which a defendant is charged with first degree or undesignated murder, those that merit the cost of a capital prosecution and defense. The study shall also examine what steps can be taken to facilitate the appointment of local counsel in most cases and determine if any costs or savings may be realized by changing the current procedures for prosecuting or defending capital cases. The Office of Indigent Defense Services shall report its findings and make any recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.

SECTION 19A.3.(b) The Office of Indigent Defense Services shall study the need for new satellite offices to handle potentially capital cases at the trial level which shall be staffed by full-time assistant capital defenders and appropriate support staff in areas in which the use of salaried attorneys will ensure that effective representation is provided in a cost-effective manner. The Office of Indigent Defense Services shall consider the addition of capital defenders to existing public defender offices before making a recommendation as to the creation of separate satellite offices. If it is determined that such offices should be established, the Office of Indigent Defense Services shall provide data regarding (i) the determination to create new satellite offices, (ii) the counties to be serviced by the offices, (iii) the number of attorney appointments made in the counties served, (iv) the number of attorney appointments made in the counties served in the past three fiscal years, and (v) the current number of eligible private counsel and local public defenders who are available in those counties. The Office of Indigent Defense Services shall report its findings and recommendations to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 1, 2017.

UNIFORM FEE SCHEDULE FOR IDS PILOT PROJECT

SECTION 19A.4.(a) Pilot Project. – The Administrative Office of the Courts, in conjunction with the Office of Indigent Defense Services and the chief district court judges and judicial district bars of certain selected judicial districts, shall establish and implement a pilot project to establish a uniform fee schedule for the payment of attorneys’ fees for legal representation of indigent persons in district court. The purpose of the project is to create a uniform fee schedule that (i) provides the funding necessary to cover the cost of legal representation of indigent persons and (ii) may be used as a standard to compare and evaluate attorneys' fees paid for the representation of persons in district court in any of the legal actions or proceedings listed in G.S. 7A-451(a).

SECTION 19A.4.(b) Sites. – The Administrative Office of the Courts shall, after consultation with the Office of Indigent Defense Services, select one or more counties in at least six judicial districts in which to implement the pilot project. Two of those counties shall have small caseloads in district court; two shall have medium caseloads in district court; and two shall have large caseloads in district court. Any judicial district selected by the Administrative Office of the Courts shall participate in the pilot project. The following districts shall not be selected as sites for the implementation of the pilot project: District 10, District 18, and District 26.

SECTION 19A.4.(c) Criteria. – The Administrative Office of the Courts shall consult with and collaborate with the Office of Indigent Defense Services and with the chief district court judges and district bar of each of the judicial districts selected to participate in the
pilot project when developing the fee schedule and the plan for its implementation. All of the following criteria shall be considered and addressed when developing the fee schedule:

1. The amount required to cover the full cost of providing adequate legal services and representation to indigent persons.
2. The procedure for and time frame within which attorneys' fees shall be awarded.
3. A methodology, to be implemented as part of the pilot project, that provides for review of the uniform fee schedule at least every biennium and that incorporates appropriate increases in the uniform fee schedule based on the information from the review.
4. Any other criteria deemed relevant by the Administrative Office of the Courts.

SECTION 19A.4.(d) Time Frame. – The Administrative Office of the Courts shall select one or more counties in at least six judicial districts to participate in the pilot project by February 1, 2017. The Administrative Office of the Courts shall complete the development of the fee schedule for the pilot project by March 1, 2017. The Administrative Office of the Courts, the Office of Indigent Defense Services, and the selected judicial districts shall begin implementation of the pilot project within the district court of each judicial district by April 1, 2017.

SECTION 19A.4.(e) Report. – The Administrative Office of the Courts shall report by May 1, 2017, to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety on the status of the six judicial districts selected and the fee schedule developed. The Administrative Office of the Courts shall report on the results of the pilot project to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by March 15, 2018. The Administrative Office of the Courts shall continue to monitor the pilot project after making its initial report and shall report by March 15 every two years thereafter on its findings and any recommendations regarding the pilot projects to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety.

SUBPART XIX-B. ADMINISTRATIVE OFFICE OF THE COURTS

GRANT FUNDS

SECTION 19B.1. Section 18A.4 of S.L. 2015-241 reads as rewritten:

"SECTION 18A.4. Notwithstanding G.S. 143C-6-9, the Administrative Office of the Courts may use up to the sum of one million five hundred thousand dollars ($1,500,000) in each year of the fiscal biennium from funds available to the Department to provide the State match needed in order to receive grant funds. Prior to using funds for this purpose, the Department shall report to the Chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on the grants to be matched using these funds."

COLLECTION OF WORTHLESS CHECK FUNDS

SECTION 19B.2. Section 18A.5(a) of S.L. 2015-241 reads as rewritten

"SECTION 18A.5(a) Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2015, for the purchase or repair of office or information technology equipment during the 2015-2016 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2016, for the purchase or repair of office or information technology equipment during the 2016-2017 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases."

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### ADDITIONAL DISTRICT COURT JUDGES FOR DISTRICTS 19A AND 27B

**SECTION 19B.3.(a) G.S. 7A-133(a) reads as rewritten:**

"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.

(a) Each district court district shall have the numbers of judges as set forth in the following table:

<table>
<thead>
<tr>
<th>District</th>
<th>Judges</th>
<th>County</th>
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<tr>
<td>1</td>
<td>5</td>
<td>Camden Chowan Currituck Dare Gates Pasquotank Perquimans</td>
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<td>2</td>
<td>4</td>
<td>Martin Beaufort Tyrrell Hyde Washington</td>
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<td>3A</td>
<td>5</td>
<td>Pitt</td>
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<td>3B</td>
<td>6</td>
<td>Craven Pamlico Carteret</td>
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<td>4</td>
<td>8</td>
<td>Sampson Duplin Jones Onslow</td>
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<td>5</td>
<td>9</td>
<td>New Hanover Pender</td>
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<td>6</td>
<td>4</td>
<td>Northampton Bertie Hertford Halifax</td>
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<td>Nash Edgecombe Wilson</td>
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<td>8</td>
<td>6</td>
<td>Wayne Greene Lenoir Granville (part of Vance see subsection (b)) Franklin</td>
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<td>9</td>
<td>4</td>
<td>Granville (part of Vance see subsection (b))</td>
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<tr>
<td>9A</td>
<td>2</td>
<td>Person Caswell</td>
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<tr>
<td>9B</td>
<td>2</td>
<td>Warren (part of Vance see subsection (b))</td>
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<td>10</td>
<td>19</td>
<td>Wake</td>
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<td>Harnett Johnston Lee</td>
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<td>Columbus</td>
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<td>14</td>
<td>7</td>
<td>Durham</td>
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<td>15A</td>
<td>4</td>
<td>Alamance</td>
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<td>15B</td>
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<td>Chatham</td>
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<td>16A</td>
<td>6</td>
<td>Scotland</td>
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<td>Richmond</td>
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<td>16B</td>
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<td>Robeson</td>
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<td>17A</td>
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<td>Randolph</td>
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<td>Rowan</td>
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<td>(part of Union see subsection (b))</td>
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<tr>
<td>20C</td>
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<td>(part of Union see subsection (b))</td>
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<td>20D</td>
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<td>Union</td>
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<td>22A</td>
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<td>Alexander</td>
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<td>22B</td>
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<td>Iredell</td>
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<td>Davie</td>
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<td>Alleghany</td>
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<td>Wilkes</td>
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<td>24</td>
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<td>Caldwell</td>
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<td>Catawba</td>
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<td>26</td>
<td>21</td>
<td>Mecklenburg</td>
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<td>27A</td>
<td>7</td>
<td>Gaston</td>
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<td>27B</td>
<td>86</td>
<td>Cleveland</td>
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<td>Lincoln</td>
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<td>28</td>
<td>7</td>
<td>Buncombe</td>
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<td>29A</td>
<td>3</td>
<td>McDowell</td>
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<td></td>
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<td>Rutherford</td>
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<tr>
<td>29B</td>
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<td>Henderson</td>
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</table>
SECTION 19B.3.(b) This section becomes effective December 1, 2016.

PART XX. DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

RENAME BLACK MOUNTAIN VETERANS HOME

SECTION 20.1. The North Carolina State Veterans Home in Black Mountain shall be renamed the "Zebulon Doyle Alley State Veterans Home".

STUDY CREATION OF NORTH CAROLINA MILITARY HALL OF FAME

SECTION 20.2. The Department of Military and Veterans Affairs shall study the feasibility of creating a North Carolina Military Hall of Fame to recognize the contributions to the State and nation of members of the military with connections to North Carolina. The Department shall report its findings to the chairs of the Joint Legislative Oversight Committee on General Government no later than November 1, 2016. The report required by this section shall address all of the following:

(1) The desirability and feasibility of creating a North Carolina Military Hall of Fame.
(2) Appropriate potential locations in this State for a Military Hall of Fame.
(3) Projected costs of creating a Military Hall of Fame and potential revenue streams associated with the Military Hall of Fame that could be used to offset some or all of those costs.
(4) Recommendations regarding the structure of the administration of the Military Hall of Fame.
(5) Potential processes for selecting members of the military for inclusion in the Military Hall of Fame.
(6) Methods for ensuring active involvement of the active and reserve components of the military in the operation of the Military Hall of Fame.
(7) Any other matter that the Department deems relevant.

PART XXI. OFFICE OF ADMINISTRATIVE HEARINGS [RESERVED]

PART XXII. TREASURER

LINE OF DUTY DEATH BENEFITS TO INCLUDE CANCER AS OCCUPATIONAL DISEASE

SECTION 22.1.(a) G.S. 143-166.2(c) reads as rewritten:

"(c) The term "killed in the line of duty" shall apply to any law-enforcement officer, firefighter, rescue squad worker who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while in the discharge of his official duty or duties. When applied to a senior member of the Civil Air Patrol as defined in this Article, "killed in the line of duty" shall mean any such senior member of the North Carolina Wing-Civil Air Patrol who is killed or dies as a result of bodily injuries sustained or of extreme exercise or extreme activity experienced in the course and scope of his official duties while engaged in a State requested and approved mission pursuant to Article 13 of Chapter 143B of the General Statutes. For purposes of this Article, when a law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol
member dies as the direct and proximate result of a myocardial infarction suffered while on duty or within 24 hours after participating in a training exercise or responding to an emergency situation, the law enforcement officer, firefighter, rescue squad worker, or senior Civil Air Patrol member is presumed to have been killed in the line of duty. For the purposes of this Article, when a firefighter dies as a direct and proximate result of any of the following cancers that are occupationally related to firefighting, that firefighter is presumed to have been killed in the line of duty:

(1) Mesothelioma.
(2) Testicular cancer.
(3) Intestinal cancer.

SECTION 22.1.(b) This section becomes effective October 1, 2016, and applies to deaths occurring on or after that date.

ABLE PROGRAM TRUST REPORT

SECTION 22.2. No later than December 1, 2016, the Department of State Treasurer shall report to the Joint Legislative Oversight Committee on General Government on the status of the Achieving a Better Life Experience (ABLE) Program Trust as established under Article 6F of Chapter 147 of the General Statutes. The report shall include all of the following:

(1) A description of various organizational structures and approaches that may be utilized to implement the ABLE Program Trust.
(2) A comparison of the advantages and disadvantages of the various organizational structures and approaches that may be utilized to implement the ABLE Program Trust.
(3) Information regarding implementation discussions and plans of the multistate ABLE consortium.
(4) Information about plan design and implementation in other states, including Virginia, South Carolina, and Tennessee.
(5) Detailed costs of implementing and operating the ABLE Program Trust as a single-state program operated within North Carolina as compared to entering into an agreement with another state or states for operation.
(6) Upon consideration of the various approaches to implementation of the ABLE Program Trust, a detailed plan for implementation in North Carolina and the status of that implementation. The cost of the detailed plan for implementation shall be within the Department of State Treasurer’s current appropriation for the ABLE Program Trust.

PART XXIII. DEPARTMENT OF INSURANCE

INSURANCE REGULATORY CHARGE

SECTION 23.1. The percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25 is six and one-half percent (6.5%) for the 2017 calendar year.

PART XXIV. STATE BOARD OF ELECTIONS

STATE BOARD OF ELECTIONS/ACCESS TO DMV RECORDS

SECTION 24.1. G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office hours in accordance with G.S. 20-43.1. A signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for purposes of G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the
Session Laws-2016

S.L. 2016-94

General Statutes. A photographic image recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes or to the State Chief Information Officer for the purposes of G.S. 143B-1385, G.S. 143B-1385 or the State Board of Elections in connection with its official duties under Chapter 163 of the General Statutes."

PART XXV. GENERAL ASSEMBLY

SCHOOL CONSTRUCTION NEEDS STUDY

SECTION 25.1. The Joint Legislative Program Evaluation Oversight Committee shall amend the 2016-2017 Program Evaluation Division work plan to direct the Division to contract with an outside entity to (i) perform an independent assessment of school construction needs and (ii) determine which of the local school administrative units have the highest facility needs in relation to their capacity to raise revenue to meet those needs. The Program Evaluation Division shall report the results of this study to the Joint Legislative Program Evaluation Oversight Committee and the Joint Legislative Economic Development and Global Engagement Oversight Committee on or before March 15, 2017.

PART XXVI. OFFICE OF THE GOVERNOR [RESERVED]

PART XXVII. OFFICE OF STATE BUDGET AND MANAGEMENT

IMPROVE BUDGETING TRANSPARENCY/OFFICE OF STATE TREASURER

SECTION 27.1.(a) The Office of State Budget and Management shall study the feasibility of converting the following Funds within Budget Code 13410, Department of the State Treasurer, from receipt-supported to General Fund-supported: 1110 General Administration, 1130 Escheat Fund, 1150 Information Services, 1210 Investment Management Division, 1310 Local Government, 1410 Retirement Operations Division Fund, and 1510 Financial Operations Division. The Office of State Budget and Management shall develop a proposed plan and schedule to adjust the Base Budget as follows:

1. Show that receipts from the Funds listed in this subsection are used to offset General Fund appropriations.
2. Reflect that receipts generated from the Investment Management Division, the Escheat Fund, and the Local Government Operations Division Fund and any interest earnings be deposited as nontax revenue.
3. Eliminate all transfers used to pay for administration in Funds 1110, 1150, and 1510 from Funds 1130, 1210, 1310, and 1410.
4. Identify any amendments to current law needed to implement the proposed plan.
5. Require the Department of the State Treasurer's expenditures be recorded in the North Carolina Accounting System in the appropriate budget code, fund code, and account code and not be charged directly to the Investment Asset Classes.

SECTION 27.1.(b) The Office of State Budget and Management shall present its proposed plan and recommendations to the December 2016 meeting of the Joint Legislative Oversight Committee on General Government. The Office of State Budget and Management shall not make any changes to the presentation of the Treasurer's budget until the General Assembly enacts changes.

SYMPHONY CHALLENGE GRANT

SECTION 27.2. Section 23.1(a) of S.L. 2015-241 reads as rewritten:

"SECTION 23.1.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of one million five hundred thousand dollars ($1,500,000) in recurring funds for each year of the 2015-2017 fiscal biennium and the sum of five hundred thousand dollars ($500,000) in
nonrecurring funds for each year of the 2015-2017 fiscal biennium year shall be allocated to the North Carolina Symphony in accordance with this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least nine million dollars ($9,000,000) in non-State funds each year of the 2015-2017 fiscal biennium. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fund-raising targets set out in subsections (b) and (c) of this section.

CONNECT NC BOND ADMINISTRATION

SECTION 27.3. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of two hundred seventy-eight thousand two hundred dollars ($278,200) in recurring funds for the 2016-2017 fiscal year shall be used only to support review of Connect NC Bond project requests and to ensure compliance with capital improvement regulations and processes. Positions created during the 2016-2017 fiscal year for the purpose of supporting review of Connect NC Bond project requests and ensuring compliance shall be used only for that purpose, and those positions shall be eliminated as soon as administration of the Connect NC Bond is complete.

DISPOSITION OF CERTAIN FUNDS

SECTION 27.4.(a) G.S. 143C-6-23(f1)(1) shall not apply to funds appropriated for the 2015-2016 fiscal year for the following:

(1) School construction funds for the construction of a collocated middle and high school in Jones County.

(2) Grant-in-aid to Project Healing Waters Fly Fishing, Inc., for transporting veterans to recreational activities. These funds may also be used by Project Healing Waters Fly Fishing, Inc., for travel and lodging expenses associated with recreational activities for veterans.

(3) Grant-in-aid to the Averasboro Battlefield Commission to assist with the purchase and relocation of the Shaw Halfway House. These funds shall instead be allocated to Averasboro Town Restoration Association, Inc., for the purchase and relocation of the Shaw Halfway House.

SECTION 27.4.(b) G.S. 143C-6-23(f1)(1) shall not apply to funds appropriated for the 2016-2017 fiscal year for school construction funds for the construction of a collocated middle and high school in Jones County.

SECTION 27.4.(c) Subsection (a) of this section becomes effective June 30, 2016.

NORTH CAROLINA POLICY COLLABORATORY AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 27.5. Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, up to the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the Board of Trustees of the University of North Carolina at Chapel Hill for operation of the North Carolina Policy Collaboratory. Allocations made pursuant to this section shall be matched by the Board of Trustees on the basis of one dollar ($1.00) in allocated funds for every one dollar ($1.00) in non-State funds that the Board of Trustees raises by June 30, 2017, for the purposes of operating the Collaboratory. These funds shall be in addition to any other funds appropriated in this act for the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill.

SUPPORT DEPARTMENT OF APPLIED PHYSICAL SCIENCES AT UNC-CHAPEL HILL

SECTION 27.6. Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, up to the sum of four million dollars ($4,000,000) in nonrecurring funds for the 2016-2017 fiscal year shall be allocated to the Board of Trustees of the University of North Carolina at Chapel Hill for operation of the Department of Applied
Physical Sciences. Allocations made pursuant to this section shall be matched by the Board of Trustees on the basis of one dollar ($1.00) in allocated funds for every one dollar ($1.00) in non-State funds that the Board of Trustees raises by June 30, 2017, for the purposes of operating the Department of Applied Physical Sciences.

PART XXVIII. STATE AUDITOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY [RESERVED]

PART XXX. DEPARTMENT OF THE SECRETARY OF STATE [RESERVED]

PART XXXI. OFFICE OF LT. GOVERNOR [RESERVED]

PART XXXII. DEPARTMENT OF ADMINISTRATION

STUDY E-PROCUREMENT SERVICE

SECTION 32.1. The Joint Legislative Oversight Committee on General Government shall study the management of North Carolina's E-Procurement Service, including the amount of the vendor transaction fee charged to suppliers and the delay in implementation of an e-bidding module within the system. The Committee shall report its findings, including any recommendations for proposed legislation, to the 2017 General Assembly.

AUTOCLAVE MAINTENANCE

SECTION 32.4. The Department of Administration (DOA) shall, in conjunction with the Office of State Budget and Management and the Department of Health and Human Services, identify available funds which shall be used to pay the vendor with whom DOA has a contract for the 2016-2017 fiscal year for the maintenance of the autoclave in the State Public Health Laboratory. DOA shall not renew the contract when it expires and shall not enter into any other contract or agreement for the maintenance of the autoclave. Upon the expiration of the contract between DOA and the vendor, the Division of Public Health, Department of Health and Human Services, is authorized to enter into a contract for the maintenance of the autoclave.

TRANSFER FUNCTIONS OF YOUTH ADVOCACY AND INVOLVEMENT OFFICE TO COUNCIL FOR WOMEN/TRANSFER YOUTH LEGISLATIVE ASSEMBLY

SECTION 32.5.(a) The North Carolina Council for Women and the Youth Advocacy and Involvement Office shall be consolidated within the Department of Administration and reorganized as the North Carolina Council for Women and Youth Involvement, as provided in subsection (b) of this section.

SECTION 32.5.(b) Part 10 of Article 9 of Chapter 143B of the General Statutes reads as rewritten:

§ 143B-393. North Carolina Council for Women and Youth Involvement – creation; powers and duties. (a) There is hereby created the North Carolina Council for Women and Youth Involvement of the Department of Administration. The North Carolina Council for Women shall have the following functions and duties:

(1a) To advise the Governor or Secretary of Administration upon any matter relating to the following programs and organizations:
   b. SADD (Students Against Destructive Decisions).
   c. State Youth Councils.

...
(b) The programs listed in subdivision (1a) of subsection (a) of this section shall be administered in a nonpartisan manner and shall not disseminate or advocate partisan principles or ideas, promote the candidacy of any person seeking public office or preferment, or use State funds to disseminate or advocate partisan principles or ideas or to promote political candidates or appointees.

..." 

SECTION 32.5.(c) Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 10E. Youth Councils."

SECTION 32.5.(d) Except G.S. 143B-387.1, G.S. 143B-385 through G.S. 143B-388 are recodified as G.S. 143B-394.25 through G.S. 143B-394.28 under Part 10E of Article 9 of Chapter 143B of the General Statutes, as enacted by subsection (c) of this section.

SECTION 32.5.(e) Article 9 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 10F. North Carolina Internship Council."

SECTION 32.5.(f) G.S. 143B-417 through G.S. 143B-419 are recodified as G.S. 143B-394.31 through G.S. 143B-394.33 under Part 10F of Article 9 of Chapter 143B of the General Statutes, as enacted by subsection (e) of this section.

SECTION 32.5.(g) G.S. 143B-419, as recodified by subsection (f) of this section, reads as rewritten:


The North Carolina Internship Council may designate one representative from each office or department enumerated in G.S. 143B-417 to serve on a committee to assist pursuant to guidelines adopted by the Council, in the screening and selection of applicants for student internships."

SECTION 32.5.(h) G.S. 7B-1402 reads as rewritten:

"§ 7B-1402. Task Force – creation; membership; vacancies.

(a) There is created the North Carolina Child Fatality Task Force within the Department of Health and Human Services for budgetary purposes only.

(b) The Task Force shall be composed of 35 members, 11 of whom shall be ex officio members, four of whom shall be appointed by the Governor, 10 of whom shall be appointed by the Speaker of the House of Representatives, and 10 of whom shall be appointed by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner shall be nonvoting members and may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. The members shall be as follows:

(6) The Director of the Governor's Youth Advocacy and Involvement Office; chair of the Council for Women and Youth Involvement;

..."

SECTION 32.5.(i) The Office of State Budget and Management shall make necessary revisions to the budget for the Council for Women and Youth Involvement, established in subsection (a) of this section, based upon the organizational structure provided for in this section, including the movement of positions or funds between fund codes.

SECTION 32.5.(j) The responsibilities for the North Carolina Youth Legislative Assembly are transferred from the Department of Administration to the North Carolina General Assembly's Legislative Services Commission. The following position is transferred to Budget Code 11000: Administrative Officer II, Position Number 60014065. All budget salary and benefits in the amount of sixty-one thousand two hundred seventy-nine dollars ($61,279) are transferred in a Type II transfer from the Department of Administration to the General Assembly. Additionally, the budget associated with operations for the Youth Legislative
Assembly and the North Carolina Youth Legislative Assembly Fund, enacted by subsection (k) of this section, are transferred as a Type II transfer from the Department of Administration to the General Assembly. The Administrative Officer II position will report directly to the Legislative Services Officer. The Youth Legislative Assembly will work collaboratively with existing resources within the General Assembly, including the Senate and House Page programs, to execute activities of the Youth Legislative Assembly.

**SECTION 32.5.(k)** G.S. 143B-387.1 is recodified as G.S. 120-32.04 and reads as rewritten:

"§ 120-32.04. North Carolina Youth Advocacy and Involvement Legislative Assembly Fund.

The North Carolina Youth Advocacy and Involvement Legislative Assembly Fund is created as a special and nonreverting fund. Conference registration fees, gifts, donations, or contributions to or for the North Carolina Youth Legislative Assembly (YLA) program shall be credited to the Fund.

The Fund shall be used solely to support planning and execution of the YLA program."

**DOMESTIC VIOLENCE CENTER FUND/DEVELOP NEW GRANT FORMULA**

**SECTION 32.6.(a)** Development of New Grant Formula. – The Department of Administration, North Carolina Council for Women (hereinafter "Council"), in consultation with the Domestic Violence Commission, shall develop a new formula for awarding grants from the Domestic Violence Center Fund to eligible centers for victims of domestic violence (hereinafter "center") that is based upon the services provided by the centers. Current law, G.S. 50B-9, requires that each eligible center receive the same amount in grant funds. In developing the new formula, the Council shall consider the following:

1. The types of services each center currently provides and the cost of those services, including around-the-clock shelter services, job search assistance, legal assistance, clothing costs, and child care costs.
2. The number of clients served annually by each center and the service area of each center.
3. The availability of external funding sources for each center, including federal, State, and local grants, and private donations.
4. Any other relevant information that may be helpful in developing a new formula for the awarding of grants.

**SECTION 32.6.(b)** Report. – By November 1, 2016, the Council shall report its findings and recommendations to the Joint Legislative Oversight Committee on General Government. The Council shall not make any changes to the current allocation of funds until directed to do so by the General Assembly.

**SECTION 32.6.(c)** Grant Moratorium for New Grantees. – Notwithstanding the provisions of G.S. 50B-9, for the 2016-2017 fiscal year, the Council shall not award grants from the Domestic Violence Center Fund to any center that did not receive a grant for the 2015-2016 fiscal year. The Council shall continue to award grants to The North Carolina Coalition Against Domestic Violence, Inc., as provided in G.S. 50B-9.

**CONNECT NC BOND ADMINISTRATION**

**SECTION 32.7.** Of the funds appropriated in this act to the Department of Administration, State Construction Office, the sum of five hundred forty-five thousand seven hundred forty-seven dollars ($545,747) in recurring funds for the 2016-2017 fiscal year shall be used only to support review of Connect NC Bond project requests and to ensure compliance with capital improvement regulations and processes. Positions created during the 2016-2017 fiscal year for the purpose of supporting review of Connect NC Bond project requests and ensuring compliance shall be used only for that purpose, and those positions shall be eliminated as soon as administration of the Connect NC Bond is complete.
PART XXXIII. DEPARTMENT OF REVENUE [RESERVED]

PART XXXIV. OFFICE OF STATE CONTROLLER [RESERVED]

PART XXXV. DEPARTMENT OF TRANSPORTATION

STABILIZATION OF FUNDING FOR THE FERRY SYSTEM/PRIORITY BOARDING

SECTION 35.1.(a) G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

(a) Powers of Department. – The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may require, and shall prescribe and collect tolls on the ferry routes as established by the Board of Transportation following the procedures set forth in this section in accordance with subsection (b) of this section. In addition, and to accomplish the purpose of this section, the Department of Transportation is authorized to acquire, own, lease, charter, or otherwise control all necessary vessels, boats, terminals, or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms, or corporations for the operation thereof and to pay the reasonable sums that in the opinion of the Department of Transportation represent the fair value of the public service rendered.

(b) Establishment of Tolling. – Tolling of Certain Ferry Routes. – The Board of Transportation may establish tolls on any untolled ferry route as set forth in this subsection. Prior to establishing tolls on an untolled ferry route, the Board of Transportation must receive a resolution approved by the Transportation Advisory Committee of each affected local transportation planning organization requesting tolls on that route. No later than March 1, 2014, the Department shall hold a separate public hearing in the geographic area of each untolled ferry route and invite each affected local transportation planning organization. At the public hearing, the Department shall present an explanation of the toll setting methodology, the impact of tolling on the availability of funding for other local transportation priorities, and the minimum and maximum toll rates. After the public hearing, an affected local transportation planning organization may consider and adopt a ferry tolling resolution. The Board of Transportation shall adopt the toll at its next regularly scheduled meeting after receipt of the ferry tolling resolutions required by this subsection. The Department shall collect the toll as soon as is feasible following its adoption, but in no case more than 180 days after adoption of the toll. The establishment of tolls by the Board of Transportation pursuant to the authority granted in this section shall be exempt from the provisions of Chapter 150B of the General Statutes. For purposes of this section, "affected local transportation planning organization" means any Metropolitan Planning Organization or Rural Transportation Planning Organization with geographic jurisdiction over any part of an untolled ferry route, and "untolled ferry route" means any ferry route for which no tolls were in effect as of June 30, 2013.

(b1) Untolled Ferry Routes. – Except as provided in subsection (b) of this section, ferry routes are exempt from tolls. The Board of Transportation shall not establish tolls on a ferry route exempt from tolls.

(c) Revisions of Tolls. – The Board of Transportation may change toll rates or toll-setting methodology. The Department of Transportation shall report to the Fiscal Research Division, the Joint Legislative Transportation Oversight Committee, and all affected local transportation planning organizations 30 days prior to any change in toll rates or change in the toll setting methodology by the Board of Transportation.

...
(e) Powers of Department. – To accomplish the purpose of this section, the Department of Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats, terminals or other facilities required for the proper operation of the ferries or to enter into contracts with persons, firms or corporations for the operation thereof and to pay the reasonable sums that in the opinion of the Department of Transportation represent the fair value of the public service rendered.

(2) Reserve Account and Disposition of Marine Vessels. – There is created in the Highway Fund a Ferry Systemwide reserve account. The funds in the account shall be used for the acquisition or construction of marine vessels to maintain existing service capacity by replacing marine vessels that have reached the end of their useful life, as determined by the Department of Transportation. The Department of Transportation shall decommission and dispose of a marine vessel subject to replacement in a timely manner after the replacement marine vessel is operationalized. Notwithstanding any provision of law to the contrary, any proceeds received from the disposition of a marine vessel shall be credited to the reserve account established under this subsection. Nothing in this subsection shall be construed as prohibiting the Department of Transportation from using funds held in the reserve account established under this subsection to supplement funds credited to a reserve account under subsection (d) of this section to use exclusively for prioritized Ferry System ferry passenger vessel replacement projects in the Highway Division in which the funds credited to the reserve account under subsection (d) of this section are earned. For purposes of this subsection, the term "marine vessels" means tugs, barges, dredges, and ferries other than passenger-only vessels.

(f3) Priority Boarding Fee for Certain Vehicles. – For vehicles providing commercial goods and services, the Department of Transportation shall charge an annual fee of one hundred fifty dollars ($150.00) for annual passes that entitle the vehicle to priority when boarding a ferry vessel. Except as authorized under this subsection, the Department of Transportation shall not provide priority boarding to a ferry vessel to any vehicle providing commercial goods and services.

SECTION 35.1.(b) Uses of Appropriated Funds. – Of the funds appropriated in this act from the Highway Fund to the Ferry Division of the Department of Transportation:

(1) Six million dollars ($6,000,000) in nonrecurring funds for the 2016-2017 fiscal year shall be used for terminal infrastructure, capital improvements to the North Carolina Ferry System necessary for the reconstruction or rehabilitation of marine vessels used for the support and transport of persons or vehicles between Ferry System terminals, and as otherwise provided in this subdivision. Up to three million six hundred fifty thousand dollars ($3,650,000) of the six million dollars ($6,000,000) shall be used for costs associated with the initiation of passenger-only ferry service on the Hatteras-Ocracoke ferry route. For purposes of this subdivision, the term "terminal infrastructure" means ramps, gantries, and bulkheads, and the term "marine vessels" is as defined in G.S. 136-82(f2), as enacted by subsection (a) of this section.

(2) Four million dollars ($4,000,000) in recurring funds for the 2016-2017 fiscal year shall be deposited in the Ferry Systemwide reserve account established in G.S. 136-82(f2), as enacted by subsection (a) of this section.

SECTION 35.1.(c) Notwithstanding G.S. 150B-21.1(a), the Department of Transportation may adopt temporary rules to administer this section. The Department of Transportation shall repeal any rule in conflict with the provisions of this section.

SECTION 35.1.(d) G.S. 136-82(f2), as enacted by subsection (a) of this section, becomes effective July 1, 2016, and applies to dispositions on or after that date.
CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 35.2.(a) Subsections (a) and (b) of Section 29.1 of S.L. 2015-241 are repealed.

SECTION 35.2.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

- For Fiscal Year 2017-2018: $2,027.8 million
- For Fiscal Year 2018-2019: $2,077.8 million
- For Fiscal Year 2019-2020: $2,121.9 million
- For Fiscal Year 2020-2021: $2,170.2 million

SECTION 35.2.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

- For Fiscal Year 2017-2018: $1,393.0 million
- For Fiscal Year 2018-2019: $1,423.8 million
- For Fiscal Year 2019-2020: $1,441.9 million
- For Fiscal Year 2020-2021: $1,463.3 million

ELIMINATE PORTION OF DMV TRANSACTION FEES SET ASIDE FOR MERCURY SWITCH REMOVAL ACCOUNT

SECTION 35.3.(a) G.S. 20-85(a1) reads as rewritten:

"(a1) One dollar ($1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional fifty cents (50¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Switch Removal Account in the Department of Environmental Quality."

SECTION 35.3.(b) This section becomes effective July 1, 2016, and applies to fees paid on or after that date.

PROMOTE NORTH CAROLINA HISTORICAL SITES

SECTION 35.4. G.S. 136-42.3 reads as rewritten:

"§ 136-42.3. Historical marker program.

The Department of Transportation may spend up to forty-six thousand dollars ($40,000) a year to purchase historical markers prepared and delivered to it by the Department of Natural and Cultural Resources. The Department of Transportation shall erect the markers on sites selected by the Department of Natural and Cultural Resources. This expenditure is hereby declared to be a valid expenditure of State highway maintenance funds. No provision in this section shall be construed to prevent the expenditure of any federal highway funds that may be available for this purpose."

INCREASE DOT BID THRESHOLD & REPORT

SECTION 35.5.(a) G.S. 136-28.1 reads as rewritten:

"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.

(a) All contracts over twenty-five million five hundred thousand dollars ($25,000,000) that the Department of Transportation may let for construction, maintenance, operations, or repair necessary to carry out the provisions of this Chapter shall be let to a responsible bidder after public advertising under rules and regulations to be made and published by the Department of Transportation. The right to reject any and all bids shall be reserved to the Board of Transportation. Contracts for construction or repair for federal aid projects entered into pursuant to this section shall not contain the standardized contract clauses prescribed by 23 U.S.C. § 112(e) and 23 C.F.R. § 635.109 for differing site conditions, suspensions of work ordered by the engineer or significant changes in the character of the work. For those federal aid projects, the Department of Transportation shall use only the contract provisions for differing site conditions, suspensions of work ordered by the engineer,

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or significant changes in the character of the work developed by the North Carolina Department of Transportation and approved by the Board of Transportation.

(b) For contracts let to carry out the provisions of this Chapter in which the amount of work to be let to contract for transportation infrastructure construction or repair is twenty-five million five hundred thousand dollars ($25,000,000) or less, and for transportation infrastructure maintenance, excluding resurfacing, that is twenty-five million five hundred thousand dollars ($25,000,000) or less, at least three informal bids shall be solicited. The term “informal bids” is defined as bids in writing, received pursuant to a written request, without public advertising. All such contracts shall be awarded to the lowest responsible bidder. The Secretary of Transportation shall keep a record of all bids submitted, which record shall be subject to public inspection at any time after the bids are opened.

(f) Notwithstanding any other provision of law, the Department of Transportation may solicit proposals under rules and regulations adopted by the Department of Transportation for all contracts for professional engineering services and other kinds of professional or specialized services necessary in connection with the planning, operations, design, maintenance, repair, and construction of transportation infrastructure. In order to promote engineering and design quality and ensure maximum competition by professional firms of all sizes, the Department may establish fiscal guidelines and limitations necessary to promote cost-efficiencies in overhead, salary, and expense reimbursement rates. The right to reject any and all proposals is reserved to the Board of Transportation.

SECTION 35.5.(b) The Department of Transportation shall provide an annual report by May 1 to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on the impact of the implementation of this section, specifically the impact of the implementation of this section on small businesses.

SECTION 35.5.(c) This section becomes effective July 1, 2016, and applies to bids solicited on or after that date.

REVISE DOT BIDDING PROCESS

SECTION 35.6.(a) G.S. 136-28.1, as amended by Section 35.5 of this act, reads as rewritten:

"§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions."

... (b) For contracts let to carry out the provisions of this Chapter in which the amount of work to be let to contract for transportation infrastructure construction or repair is five million dollars ($5,000,000) or less, and for transportation infrastructure maintenance, excluding resurfacing, that is five million dollars ($5,000,000) per year or less, at least three informal bids shall be solicited. The term "informal bids" is defined as bids in writing, received pursuant to a written request, without public advertising. All such contracts shall be awarded to the lowest responsible bidder. Where public advertising is used for a contract subject to this subsection, the Highway Division shall post the advertisement at least 14 calendar days prior to the letting date of the contract. The Secretary of Transportation shall keep a record of all bids submitted, which record shall be subject to public inspection at any time after the bids are opened. The Highway Divisions shall publish the results of a bidding process no later than three business days after the contract bid upon is awarded.

(b1) Notwithstanding any provision of G.S. 136-28.5 to the contrary, and except as prohibited by other State or federal law, the Department of Transportation shall, at the time and place bids solicited for a contract subject to this section are opened, make public all cost estimates prepared by the Department for the purpose of comparing the bids.
SECTION 35.6.(b) This section becomes effective July 1, 2016, and applies to bids solicited on or after that date.

ADJUST UNPAVED ROADS FUNDING EXPENDITURES
SECTION 35.7.(a) G.S. 136-44.2D reads as rewritten:
"§ 136-44.2D. Secondary unpaved road paving program.
The Department of Transportation shall expend fifty percent (50%) of the funds allocated to the paving of unpaved secondary roads for the paving of unpaved secondary roads based on a statewide prioritization. The Department shall expend the remainder of the funds equally among the 14 Highway Divisions for the paving of unpaved secondary roads within each Highway Division based on the same statewide prioritization. The Department shall pave the eligible unpaved secondary roads that receive the highest priority ranking within this statewide prioritization. Nothing in this subsection shall be interpreted to require the Department to pave any unpaved secondary roads that do not meet secondary road system addition standards as set forth in G.S. 136-44.10 and G.S. 136-102.6. The Highway Trust Fund shall not be used to fund the paving of unpaved secondary roads."

SECTION 35.7.(b) This section becomes effective July 1, 2016, and applies to funds allocated on or after that date.

RESERVE FOR GENERAL MAINTENANCE/USE PORTION OF FUNDS FOR LITTER REMOVAL
SECTION 35.8. Of the funds appropriated in this act to the Department of Transportation and allocated to the Reserve for General Maintenance, the Department may use up to the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2016-2017 fiscal year to cover costs associated with the removal of litter alongside State-maintained roads.

STUDY/OFF-HIGHWAY PARKING FOR TRACTOR-TRAILERS & SEMI-TRAILERS
SECTION 35.9.(a) Study. – The Department of Transportation, in collaboration with the Departments of Public Safety and Commerce, shall study ways to provide additional off-highway parking and rest areas for tractor-trailers and semi-trailers. Included within the study shall be the feasibility and cost of converting abandoned highway rest stops into parking and rest areas for tractor-trailers and semi-trailers. In conducting the study, the Departments shall consult with the North Carolina Trucking Association and include any recommendations the Association may have as part of the report required under subsection (b) of this section.

SECTION 35.9.(b) Report. – By February 1, 2017, the Departments shall jointly report their findings and recommendations, including any legislative proposals, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation.

DOT/REPORT ON RECOMMENDATIONS FOR REVISING METHOD FOR MEASURING OUTSOURCING OF PRECONSTRUCTION ACTIVITIES
SECTION 35.11. Section 34.13(d) of S.L. 2014-100, as amended by Section 29.13(b) of S.L. 2015-241, reads as rewritten:
"SECTION 34.13.(d) The Department shall report no later than October 1, 2015, and quarterly thereafter, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division regarding its implementation of this section, including any reductions in force used to meet privatization requirements. In addition, the Department shall report by March 1, 2017, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on the Department's recommendations for revising, based on the study and review required under Section 29.14(d) of S.L. 2015-241, the method used for measuring the outsourcing of preconstruction activities subject to subsection (a) of this section."
REPEAL LIGHT RAIL FUNDING CAP

SECTION 35.12.(a) Subsection (e1) of G.S. 136-189.11 is repealed.

SECTION 35.12.(b) Light rail projects subject to the maximum amount set in subsection (e1) of G.S. 136-189.11 prior to its repeal under subsection (a) of this section are ineligible for scoring, reprioritization, and funding until the Prioritization 5.0 process established under Article 14B of Chapter 136 of the General Statutes. Nothing in this subsection shall be construed as requiring the programming of funds for light rail projects in the Prioritization 5.0 process.

SECTION 35.12.(c) G.S. 136-189.10(3)g. reads as rewritten:
"g. Public transportation service that spans two or more counties and that serves more than one municipality. Programmed funds pursuant to this sub-subdivision shall not exceed ten percent (10%) of any distribution region allocation. This sub-subdivision includes commuter rail, intercity rail, and light rail. Total State funding for a commuter rail or light rail project shall not exceed ten percent (10%) of the estimated total project costs used during the prioritization scoring process. The State shall not be responsible or liable for any project costs in excess of the maximum established under this sub-subdivision. Any agreement entered into by the State to fund a commuter rail or light rail project shall include language setting out the limitations set forth in this sub-subdivision."

SECTION 35.12.(d) G.S. 136-189.10(2)e. reads as rewritten:
"e. Public transportation service not included in subdivision (3) or (4) of this section. This sub-subdivision includes commuter rail, intercity rail, and light rail. Nothing in this sub-subdivision shall be construed as authorizing total State funding in excess of the maximum established in sub-subdivision g. of subdivision (3) of this section for commuter rail and light rail projects."

REPEAL SUNSET ON LATE FEE FOR MOTOR VEHICLE REGISTRATIONS

SECTION 35.13. Subsection (u) of Section 29.30 of S.L. 2015-241 reads as rewritten:
"SECTION 29.30.(u) Subsections (a) and (u) of this section become effective October 1, 2015. Subsections (s) and (t) of this section become effective July 1, 2020. Subsection (m) of this section becomes effective July 1, 2016, and applies to renewal motor vehicle registrations on or after that date. Subsection (m) of this section expires December 31, 2017. The remainder of this section becomes effective January 1, 2016, and applies to issuances, renewals, restorations, and requests on or after that date."

MAKE TIME-LIMITED POSITIONS IN SUPPORT OF THE COMBINED MOTOR VEHICLE REGISTRATION AND PROPERTY TAX COLLECTION SYSTEM PERMANENT

SECTION 35.15.(a) Section 24.10(a) of S.L. 2012-142, as amended by Section 29.37 of S.L. 2015-241, reads as rewritten:
"SECTION 24.10.(a) Upon request from the Department of Transportation and notwithstanding any other provision of law to the contrary, the Office of State Budget and Management may authorize the creation of permanent, full-time equivalent positions within the Department of Transportation and its Division of Motor Vehicles in excess of the positions authorized by this act for the sole purposes of implementing and administering the combined motor vehicle registration and property tax collection system and providing other support as determined necessary by the Commissioner of the Division of Motor Vehicles. Positions created under this authorization shall be funded with receipts from the fee
assessed under G.S. 105-330.5(b) and shall terminate no later than June 30, 2016. G.S. 105-330.5(b)."

SECTION 35.15.(b) Nothing in subsection (a) of this section shall be construed as authorizing the creation of any positions in addition to the 45 remaining positions authorized under Section 24.10(a) of S.L. 2012-142.

SECTION 35.15.(c) This section becomes effective June 30, 2016.

PERMANENT REGISTRATION PLATES FOR CERTAIN TRANSIT PROVIDERS

SECTION 35.16. Subsection (b) of G.S. 20-84 is amended by adding a new subdivision to read:

"(b) Permanent Registration Plates. – The Division may issue permanent plates for the following motor vehicles:

(20) A motor vehicle owned by a public transportation service provider that is a designated recipient or direct recipient of Federal Transit Administration formula grant funds pursuant to 49 U.S.C. § 5311 or 49 U.S.C. § 5307."

LEASE AND CONVEYANCE OF MURPHY BRANCH RAIL LINE

SECTION 35.18.(a) Lease Authorization. – If all of the following conditions are met, the Department of Transportation is authorized to enter into a lease agreement with the County of Cherokee and the Towns of Andrews and Murphy (collectively, "Local Government Unit") for interim public recreation use of the Department of Transportation's interest in the portion of the right-of-way of the former Andrews to Murphy Branch rail line of the Great Smoky Mountain Railroad from approximately 400 feet west from the intersection of Whitaker Lane (Railroad Milepost MP 100.1) in Andrews, North Carolina, to the end of the rail line (Railroad Milepost T 114.2) in Murphy, North Carolina:

(1) The Local Government Unit has examined title to the real property comprising the portion of rail corridor to be leased and has identified all persons owning an interest in that real property.

(2) All persons identified under subdivision (1) of this subsection as owning an interest in the real property are parties to the lease.

(3) Before requesting trail use, the Local Government Unit has (i) held a public hearing in accordance with G.S. 143-318.12; (ii) notified the owners of all parcels of land abutting the corridor as shown on the county tax listing of the hearing date, place, and time by first-class mail at the last addresses listed for such owners on the county tax abstracts; and (iii) sent a transcript to the Department of Transportation of all public comments presented at the public hearing.

(4) The Local Government Unit has requested use of a portion of the right-of-way for interim public recreational trail use and agrees in writing to assume all development costs as well as management, security, and liability responsibilities as defined by the Departments of Environmental Quality and Transportation.

(5) Adjacent property owners are offered broad voting representation by membership in the organization, if any, that is delegated most immediate responsibility for development and management of the rail-trail by the Local Government Unit.

(6) The Department of Transportation has determined that there will not likely be a need to resume active rail service in the leased portion of the right-of-way for at least 10 years.

(7) The lease agreement allowing trail use includes terms for resumption of active rail use which will assure unbroken continuation of the right-of-way's perpetual use for railroad purposes and interim compatible uses.
Use of the right-of-way as a recreational trail does not interfere with the ultimate transportation purposes of the corridor as determined by the Department of Transportation.

**SECTION 35.18.(b)** Conveyance Authorization. – If the Department of Transportation determines a portion of the rail corridor described in subsection (a) of this section is not needed for future transportation or utility purposes, the Department of Transportation shall, upon application of any person owning an underlying fee simple interest in the portion of the rail corridor, convey the Department of Transportation's interest in the portion of the rail corridor as permitted under applicable federal law.

**SECTION 35.18.(c)** Rail Line Revitalization. – If the Local Government Unit determines the right-of-way described in subsection (a) of this section is not needed for interim public recreation use, the Department of Transportation, upon application of the Local Government Unit, shall revitalize the rail line described in subsection (a) of this section to be used for the operation of an excursion train. Costs incurred in revitalizing the rail line under this subsection shall be borne as follows:

1. No less than ten percent (10%) from the County of Cherokee.
2. No less than ten percent (10%) from the Town of Andrews.
3. No less than ten percent (10%) from the Town of Murphy.
4. No less than fifty percent (50%), and no more than seventy percent (70%), from the Department of Transportation from available unobligated funds.

**SECTION 35.18.(d)** Insufficient Funding. – The Department of Transportation and the Local Government Unit shall enter into a cost-sharing agreement prior to revitalizing the rail line under subsection (c) of this section. If there is an insufficiency in funding costs incurred in revitalizing the rail line under subsection (c) of this section, the Local Government Unit shall make up the funding insufficiency and provide evidence satisfactory to the Department of Transportation that the Local Government Unit has adequate funding to make up the funding insufficiency.

**SECTION 35.18.(e)** Operation of Excursion Train. – If the rail line described in subsection (a) of this section is revitalized under subsection (c) of this section, the Local Government Unit shall contract with a single entity at any given time for the operation of an excursion train on the rail line.

**SECTION 35.18.(f)** Review and Report. – Five years after the effective date of this section, the Department of Transportation shall review the use of the rail line described in subsection (a) of this section. Within 30 days of completing the review required under this subsection, the Department of Transportation shall report to the following on its findings, including any recommendations as to the abandonment or sale of its interest in the rail line:

1. If the General Assembly is in session at the time of the report, to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation.
2. If the General Assembly is not in session at the time of the report, to the chairs of the Joint Legislative Transportation Oversight Committee.

**SECTION 35.18.(g)** Construction. – Nothing in this section shall be construed as superseding or altering (i) any federal law governing the use and conveyance of the Murphy Branch rail line or portions thereof or (ii) the terms of any written agreement, deed, or other form of conveyance setting forth a different process for using or conveying the Murphy Branch rail line or portions thereof.

**SECTION 35.18.(h)** Effective Date. – This section is effective when it becomes law.

**RESTORE FUNDING FOR SMALL CONSTRUCTION PROJECTS**

**SECTION 35.19.** Section 29.2(a)(1) of S.L. 2015-241 reads as rewritten:
"(1) Two million five hundred thousand dollars ($2,500,000) for the 2015-2016 fiscal year in recurring funds shall be allocated for small construction projects recommended by the Chief Engineer in consultation with the Chief Operating Officer and approved by the Secretary of Transportation. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions to use for small construction projects. Members of the Board of Transportation are prohibited from accessing and using the funds allocated under this subdivision."

REVISIONS TO DMV MEDICAL REVIEW PROGRAM

SECTION 35.20.(a) G.S. 20-4.01(2) reads as rewritten:
"(2) Canceled. – As applied to drivers’ licenses and permits, a declaration that a license or permit which was issued through error or fraud, or to which G.S. 20-15(a)(3)G.S. 20-15(a) applies, is void and terminated."

SECTION 35.20.(b) G.S. 20-7(e) reads as rewritten:
"(e) Restrictions. – The Division may impose any restriction it finds advisable on a drivers license. It is unlawful for the holder of a restricted license to operate a motor vehicle without complying with the restriction and is the equivalent of operating a motor vehicle without a license. If any applicant shall suffer from any physical detector mental disability or disease that affects his or her operation of a motor vehicle, the Division may require to be filed with it a certificate of such the applicant's condition signed by some medical authority of the applicant's community designated by the Division. The Division may, in its discretion, require the certificate to be completed and submitted after a license or renewal has been issued based on the applicant's performance during a road test administered by the Division. Upon submission, the certificate shall be reviewed in accordance with the procedure set forth in G.S. 20-9(g)(3). This certificate shall in all cases be treated as confidential. Nothing in this subsection shall be construed to prevent the Division from refusing to issue a license, either restricted or unrestricted, to any person deemed to be incapable of safely operating a motor vehicle based on information observed or received by the Division, including observations during a road test and medical information submitted about the applicant. An applicant may seek review pursuant to G.S. 20-9(g)(4) of a licensing decision made on the basis of a physical or mental disability or disease. This subsection does not prohibit deaf persons from operating motor vehicles who in every other way meet the requirements of this section."

SECTION 35.20.(c) G.S. 20-9 reads as rewritten:
"§ 20-9. What persons shall not be licensed.
...
(e) The Division shall not issue a driver's license to any person when in the opinion of the Division such the person is afflicted with or suffering from such physical or mental disability or disease as will serve to prevent such person from exercising reasonable and ordinary control over a motor vehicle while operating the same vehicle upon the highways, nor shall a license be issued to any person who is unable to understand highway warnings or direction signs.
...
(g) The Division may issue a restricted or unrestricted driver's license to any applicant covered by subsection (e) of this section under the following conditions:

(1) The Division may issue a license to any person who is afflicted with or suffering from a physical or mental disability set out in subsection (e) of this section who is otherwise qualified to obtain a license, provided such person applicant submits to the Division a certificate in the form prescribed
in subdivision (2). The Division may request the certificate at the applicant's initial application, at any time following the issuance of the license, or at the initial application and any time following the issuance of the license. Until a license issued under this subdivision expires, is cancelled, or is revoked, the license continues in force as long as the licensee presents to the Division a certificate in the form prescribed in subdivision (2) of this subsection at the intervals determined by the Division to be in the best interests of public safety.

(2) The Division shall not issue a license pursuant to this section unless the applicant has submitted to a physical examination by a physician or surgeon duly licensed to practice medicine in this State or in any other state of the United States and unless such examining physician or surgeon has completed and signed the certificate required by subdivision (1). Such certificate shall contain a waiver of privilege and the recommendation of the examining physician to the Commissioner as to whether a license should be issued to the applicant and whether the applicant can safely operate a motor vehicle.

(3) The Commissioner is not bound by the recommendation of the examining physician but shall give fair consideration to such recommendation in exercising his or her discretion in making licensing decisions, the criterion being whether or not, upon all the evidence, it appears that it is safe to permit the applicant to operate a motor vehicle. The burden of proof of such fact is upon the applicant. In deciding whether to issue, restrict, cancel, or deny a license, the Commissioner may be guided by the opinion of experts in the field of diagnosing and treating the specific physical or mental disability or disease suffered by an applicant and such experts may be compensated for their services on an equitable basis. The Commissioner may also take into consideration any other factors which bear on the issue of public safety.

(4) Whenever a license is restricted, cancelled, or denied by the Commissioner, the action may be reviewed by a reviewing board upon written request of the applicant filed with the Division within 10 days after receipt of such denial notice given in accordance with G.S. 20-48. The reviewing board shall consist of the Commissioner or his authorized representative and four persons designated by the chairman of the Commission for Public Health. The persons so designated by the chairman of the Commission for Public Health shall be either members of the Commission for Public Health or physicians duly licensed to practice medicine in this State. The members so designated by the chairman of the
Commission for Public Health shall receive the same per diem and expenses as provided by law for members of the Commission for Public Health, which per diem and expenses shall be charged to the same appropriation as per diems and expenses for members of the Commission for Public Health, at least two medical professionals selected by the Commissioner and duly licensed to practice medicine by the appropriate licensing authority in the State. The medical professionals selected by the Commissioner may be compensated for their services on an equitable basis, including reimbursement for ordinary and necessary travel expenses. The Commissioner or his authorized representative, plus any two of the members designated by the chairman of the Commission for Public Health, medical professionals selected by the Commissioner, shall constitute a quorum. The procedure for hearings authorized by this section shall be as follows:

a. Applicants shall be afforded an opportunity for hearing, after reasonable notice of not less than 10 days, before the review board established by subdivision (4) of this subdivision. The notice shall be in writing and shall be delivered to the applicant in person or sent by certified mail, with return receipt requested. The notice shall state the time, place, and subject of the hearing. If a hearing is requested under this subdivision to contest a restriction placed on a license under subdivision (3) of this subsection, the restriction shall be stayed unless the Division determines there is an imminent threat to public safety if continued unrestricted driving is permitted. No stay shall be granted if a hearing is requested under this subdivision to contest a denial or cancellation of a license under subdivision (3) of this subsection. Nothing in this sub-subdivision shall be construed as authorizing the stay of a restriction placed on a license pursuant to another provision of law.

b. The review board may compel the attendance of witnesses and the production of such books, records and papers as it desires at a hearing authorized by the section. Upon request of an applicant, applicant or licensee, a subpoena to compel the attendance of any witness or a subpoena duces tecum to compel the production of any books, records, or papers shall be issued by the board. Subpoenas shall be directed to the sheriff of the county where the witness resides or is found and shall be served and returned in the same manner as a subpoena in a criminal case. Fees of the sheriff and witnesses shall be the same as that allowed in the district court in cases before that court and shall be paid in the same manner as other expenses of the Division of Motor Vehicles are paid. In any case of disobedience or neglect of any subpoena served on any person, or the refusal of any witness to testify to any matters regarding which he may be lawfully interrogated, the district court or superior court where such disobedience, neglect or refusal occurs, or any judge thereof, on application by the board, shall compel obedience or punish as for contempt.

c. A hearing may be continued upon motion of the applicant or licensee for good cause shown with approval of the board or upon order of the board.

d. The board shall pass upon the admissibility of evidence at a hearing but the applicant or licensee affected may at the time object to the board's ruling, and, if evidence offered by an applicant or licensee is rejected the party may proffer the evidence, and such proffer shall be
made a part of the record. The board shall not be bound by common
law or statutory rules of evidence which prevail in courts of law or
equity and may admit and give probative value to evidence which
possesses probative value commonly accepted by reasonably prudent
persons in the conduct of their affairs. They may exclude
incompetent, immaterial, irrelevant and unduly repetitious evidence.
Uncontested facts may be stipulated by agreement between an
applicant or licensee and the board and evidence relating thereto may
be excluded. All evidence, including records and documents in the
possession of the Division of Motor Vehicles or the board, of which
the board desires to avail itself shall be made a part of the record.
Documentary evidence may be received in the form of copies or
excerpts, or by incorporation by reference. The board shall prepare
an official record, which shall include testimony and exhibits. A
record of the testimony and other evidence submitted shall be taken,
but it shall not be necessary to transcribe shorthand notes or
electronic recordings unless requested for purposes of court review.
e. Every decision and order adverse to an applicant or licensee shall be
in writing or stated in the record and shall be accompanied by
findings of fact and conclusions of law. The findings of fact shall
consist of a concise statement of the board's conclusions on each
contested issue of fact. Counsel for applicant, or applicant, if he has
no counsel, shall be notified of the board's decision in person or by registered mail with return receipt requested.
A copy of the board's decision with accompanying findings and
conclusions shall be delivered or mailed upon request to the
applicant's or licensee's attorney of record or to the applicant, if he or she has no attorney.

h. All records and evidence collected and compiled by the Division and
the reviewing board shall not be considered public records within the
meaning of Chapter [section] 132-1, and following 132 of the
General Statutes of North Carolina and may be made available to the
public only upon an order of a court of competent jurisdiction. An
applicant or licensee may obtain, without a court order, a copy of
records and evidence collected and compiled under this subdivision
about the applicant or licensee by submitting a written request to the
Division, signing any release forms required by the Division, and
remitting the required fee set by the Division. All information
furnished by, about, or on behalf of an applicant or licensee under
this section shall be without prejudice and shall be for the use of the
Division, the reviewing board or the court in administering this
section and shall not be used in any manner as evidence, or for any
other purposes in any trial, civil or criminal. The prohibition on
release and use under this sub-subdivision applies without regard to
who authored or produced the information collected, compiled, and
used by the Division under this subdivision.

SECTION 35.20.(d) G.S. 20-9.1 reads as rewritten:
§ 20-9.1. Physicians and psychologists—Physicians, psychologists, and other medical 
providers providing medical information on drivers with physical and mental 
disabilities or mental disabilities or diseases.

(a) Notwithstanding G.S. 8-53 for physicians and G.S. 8-53.3 for psychologists, or any 
other law relating to confidentiality of communications between physicians—or 
psychologists—physicians, psychologists, or other medical providers and their patients, a 
physician or a psychologist—physician, psychologist, or other medical provider duly licensed in 
the State of North Carolina may disclose after consultation with the patient to the 
Commissioner information about a patient who has a mental or physical or mental disability or 
disease that the physician or psychologist—physician, psychologist, or other medical provider 
believes may affect the patient's ability to safely operate a motor vehicle. This information shall 
be limited to the patient's name, address, date of birth, and diagnosis.

... 

(c) A physician or psychologist—physician, psychologist, or other medical provider 
disclosing or not disclosing information pursuant to this section, or conducting an 
evaluation and making a recommendation to the Division regarding a person's ability to safely 
operate a motor vehicle, is immune from any civil or criminal liability that might otherwise be 
incurred or imposed based on the disclosure or lack of disclosure action taken provided that the 
physician or psychologist—physician, psychologist, or other medical provider was acting in good 
faith and without malice. In any proceeding involving liability, good faith and lack of malice 
are presumed.

SECTION 35.20.(e) G.S. 20-15(a) reads as rewritten:

"(a) The Division shall have authority to cancel any driver's license upon determining 
any of the following:

... 

(4) The licensee suffers from a physical or mental disability or disease that 
affects his or her ability to safely operate a motor vehicle, as determined by 
the applicable State or federal law, rule, or regulation.

(5) The licensee has failed to submit the certificate required under G.S. 20-7(e) 
and G.S. 20-9(g)."
The Fund may also be used to supplement funds allocated for freight rail or railroad-roadway crossing safety projects approved as part of the Transportation Improvement Program."

**SECTION 35.21.(b)** G.S. 136-44.39 reads as rewritten:

"§ 136-44.39. Department to provide State and federal financial assistance to short-line railroads.

The Department of Transportation is authorized to provide assistance to short-line railroads to continue and enhance common carrier rail service in the State so as to assist in economic development and access to ports and military installations. Assistance under this section may involve both include funds from the Rail Industrial Access Program, the Short Line Infrastructure Access Program, as well as other innovative programs and any other programs that may exist or be established for these purposes. Grants under this section shall not exceed fifty percent (50%) of the nonfederal share and must be matched by equal or greater funding from the applicant."

**SECTION 35.21.(c)** If House Bill 959, 2016 Regular Session of the 2015 General Assembly, becomes law, Section 14 of that bill is repealed.

**DOT/IMPLEMENTATION OF REDUCTION PLAN**

**SECTION 35.22.(a)** Reduction Schedule. – The Department of Transportation shall complete the reductions through reorganization and reductions in force identified in the plan required under Section 29.14(d)(4) of S.L. 2015-241 according to the following schedule:

1. The Department shall reduce through reorganization (i) at least 15 employees from the Division of Highways and (ii) at least 10 employees from the Technical Services Division. The Department shall complete the reductions required under this subdivision by September 1, 2016.

2. The Department shall reduce through reorganization or reduce in force (i) at least 21 employees from the Planning and Programming Division, with a minimum of five employees reduced through reorganization and (ii) at least 13 employees from the Technical Services Division, with a minimum of 10 employees reduced through reorganization. The Department shall complete the reductions required under this subdivision by January 1, 2017.

3. The Department shall reduce through reorganization or reduce in force (i) at least 171 employees from the Division of Highways and (ii) at least 26 employees from the Technical Services Division, with a minimum of 15 employees reduced through reorganization. The Department shall complete the reductions required under this subdivision by March 1, 2017.

**SECTION 35.22.(b)** Report. – The Department shall report to the Joint Legislative Transportation Oversight Committee (i) by September 16, 2016, on the reductions completed under subdivision (1) of subsection (a) of this section and (ii) by January 16, 2017, on the reductions completed under subdivision (2) of subsection (a) of this section. The Department shall report to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation by March 16, 2017, on the reductions completed under subdivision (3) of subsection (a) of this section. The reports shall identify the number of reductions, the type of reduction, and the positions that were reduced.

**PROHIBIT CHIP SEAL TREATMENT ON SUBDIVISION STREETS**

**SECTION 35.23.** G.S. 136-44.3A reads as rewritten:

"§ 136-44.3A. Highway Maintenance Improvement Program."

(e) Single Chip Seal Treatment Prohibited on Subdivision Streets and Access Routes. – Except as authorized in subsection (f) of this section, and unless used in combination with a slurry seal, microsurfacing, or resurfacing treatment, the Department shall not use single chip
Authorized Use of Single Chip Seal Treatment on Secondary Roads. – The Department may use single chip seal treatments on secondary roads only under any of the following conditions:

1. The secondary road has a daily traffic volume of less than 15,000 vehicles. Single chip seal treatments used under this subdivision shall be capped with a final riding surface of sand or material of equivalent size to fill voids to create a smooth riding surface.

2. The single chip seal treatment is used in combination with a slurry seal, microsurfacing, or resurfacing treatment.

3. The condition of the secondary road requires a rough surface to improve traction, such as a secondary road in a mountainous community or another area with low skid resistance.

Consolidate Maintenance Accounts

SECTION 35.24.(a) The Department of Transportation shall transfer all funds in the Primary Maintenance Account (Fund Code 7821) and the Secondary Road Maintenance and Improvement Fund (Fund Code 7822) to the Reserve for General Maintenance (Fund Code 0934).

SECTION 35.24.(b) The Department of Transportation, in consultation with its Division Engineers, shall determine the amount of funds from the Reserve for General Maintenance needed for other purposes prior to making the allocation under G.S. 136-44.6, as amended by subsection (c) of this section. The term "other purposes" includes emergency responses, weather-related events, and statewide programs. By July 15, 2016, the Department shall report its findings to the chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation, including the total amount of funds needed, an identification of the purposes the funds are needed for, and the amount of funds needed for each purpose.

SECTION 35.24.(c) G.S. 136-44.6 reads as rewritten:

"§ 136-44.6. Uniformly applicable formula for the allocation of secondary roads maintenance and improvement funds. Funds for primary and secondary road maintenance.

The Department of Transportation, in consultation with its Division Engineers, shall develop a uniformly applicable formula for the allocation of secondary roads maintenance and improvement funds from the Reserve for General Maintenance in the Highway Fund for use in maintenance on primary and secondary roads in each county Highway Division. The formula shall take into consideration the number of paved and unpaved miles of state-maintained secondary roads in each county Highway Division and such other factors as experience may dictate. Each Division Engineer shall have discretion in using funds allocated under this section to his or her Highway Division for maintenance activities. This section shall not apply to projects to pave unpaved roads under G.S. 136-44.2D."

SECTION 35.24.(d) G.S. 136-44.2(e) reads as rewritten:

"(e) The "Current Operations Appropriations Act" shall also contain the proposed appropriations of State funds for use in each county Highway Division for maintenance and improvement of secondary roads, to be allocated in accordance with G.S. 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the construction, maintenance, and improvement of secondary roads in the county for which they are allocated pursuant to G.S. 136-44.6."
CRASH REPORTING PROGRAM MAINTENANCE

SECTION 35.25.(a) Establishment. – The Division of Motor Vehicles shall, through an open request for proposal (RFP) process, seek to procure a contract with a private vendor for the statewide maintenance of the Crash Reporting Program. The Crash Reporting Program shall include at least all of the following components:

1. A comprehensive data repository for collision data.
2. A document repository for all collision reports in the State.
3. The capability to process paper reports, including scanning, data entry, validation of data against business edits, quality control application for reviewing reports, the ability to return or reject reports, and the ability to reprocess corrected reports.
4. The creation of an electronic submission application that incorporates all State validation rules to ensure that submitted reports are complete, accurate, and error-free.
5. A database capable of sharing statewide collision data with State and federal traffic safety partners, State law enforcement agencies, and the public.
6. A Web portal capability allowing authorized users to perform search functions and data extraction, obtain statistical traffic safety reports, map collision result sets, review configurable collision data dashboards, and perform data analysis against statewide collision data.
7. Compatibility with all data file formats and submission requirements for State and federal entities that require access to State collision data.
8. Capability to leverage predictive analytics to optimize resource allocation in order to improve traffic safety.

SECTION 35.25.(b) Vendor and Contract Requirements. – By October 31, 2016, the Division shall issue an RFP in accordance with subsection (a) of this section. After review of the submitted proposals, the Department shall enter into a contract with the lowest responsible vendor who provides evidence satisfactory to the Division of a demonstrated history of providing similar statewide services.

SECTION 35.25.(c) Reports. – The Division shall provide the following reports:

1. By April 30, 2017, a report to the Office of State Budget and Management and chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on (i) the completion of the RFP process, including the name and qualifications of the firm awarded the contract; (ii) progress on the transition of the maintenance of the Program; and (iii) any other findings of interest determined by the Division.
2. By April 30, 2018, a report to the Office of State Budget and Management and chairs of the House of Representatives Committee on Transportation Appropriations and the Senate Appropriations Committee on Department of Transportation on (i) the number of accident reports purchased through the e-commerce site; (ii) the revenue generated to the Division through the contract with the vendor; and (iii) any savings realized by the Division from private vendor maintenance of the Program.

SECTION 35.25.(d) Use of Funds. – Notwithstanding any provision of Section 7.14 of S.L. 2014-100 to the contrary, the Department of Transportation may use funds allocated in Section 7.14 of S.L. 2014-100 to the project titled "Division of Motor Vehicles Channel Strategy" to cover costs associated with other Division of Motor Vehicles' modernization projects, including planning and design activities associated with (i) the Crash Reporting Program established under this section and (ii) the Division of Motor Vehicles' legacy systems.
DOT/CLARIFY AUTHORITY OF CHIEF AND DIVISION ENGINEERS

SECTION 35.26.(a)  G.S. 136-4 reads as rewritten:

"§ 136-4. Chief Engineer.

There shall be a Chief Engineer, who shall be a career official and who shall be the administrative officer of the Department of Transportation for highway matters. For purposes of this section, the term "highway matters" includes planning, design, construction, maintenance, operations, procurements, agreements, delivery methods, standards, and specifications for current and future State-maintained roads. The Chief Engineer shall be appointed by the Secretary of Transportation and he may be removed at any time by the Secretary of Transportation. He shall be paid a salary to be set in accordance with Chapter 126 of the General Statutes, the North Carolina Human Resources Act. The Chief Engineer shall have such powers and perform such duties as the Secretary of Transportation shall prescribe."

SECTION 35.26.(b)  By December 1, 2016, the Chief Engineer of the Department of Transportation shall develop and implement a policy for delegating authority to the Division Engineers to execute capital and maintenance programs within the Division Engineers' respective divisions. By December 15, 2016, the Chief Engineer shall report to the Joint Legislative Transportation Oversight Committee with a detailed summary of the policy developed under this subsection.

STATE PORTS AUTHORITY/FUNDING FOR DREDGING

SECTION 35.27.  Of the funds appropriated in this act to the North Carolina State Ports Authority, seven million five hundred thousand dollars ($7,500,000) in nonrecurring funds for the 2016-2017 fiscal year may be used for the dredging of approaches to State port facilities.

DESIGNATE PORTION OF INTERSTATE 40 AS "SENATOR WENDELL HOLMES MURPHY, SR. FREEWAY"

SECTION 35.28.(a)  Notwithstanding G.S. 136-18(8) and any other State law to the contrary, the Department of Transportation shall designate the portion of Interstate 40 in North Carolina from mile marker 385 to mile marker 390 the "Senator Wendell Holmes Murphy, Sr. Freeway."

SECTION 35.28.(b)  The Department of Transportation shall use unobligated funds available to pay costs associated with signage needed to implement subsection (a) of this section.

PART XXXVI. SALARIES AND BENEFITS

GOVERNOR AND COUNCIL OF STATE

SECTION 36.1.(a)  Section 30.1.(a) of S.L. 2015-241 reads as rewritten:

"SECTION 30.1.(a) The salary of the Governor as provided by G.S. 147-11(a) shall remain unchanged for the 2015-2017 fiscal biennium, 2015-2016 fiscal year."

SECTION 36.1.(a1)  G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be one hundred forty-two thousand two hundred sixty-five dollars ($142,265) one hundred forty-four thousand three hundred ninety-nine dollars ($144,399) annually, payable monthly."

SECTION 36.1.(b)  Section 30.1.(b) of S.L. 2015-241 reads as rewritten:

"SECTION 30.1.(b) The annual salaries for members of the Council of State, payable monthly, shall remain unchanged for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, as follows:

..."

SECTION 36.1.(b1)  Effective July 1, 2016, the annual salaries for members of the Council of State, payable monthly, are increased one and one-half percent (1.50%), as follows:

<table>
<thead>
<tr>
<th>Council of State</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lieutenant Governor</td>
<td>$127,561</td>
</tr>
</tbody>
</table>
STATE-FUNDED PERSONNEL/MERIT-BASED BONUSES AUTHORIZED

SECTION 36.1A.(a) Funds for Merit-Based Bonuses. – Of the funds appropriated in this act from the General Fund and Highway Fund to the Compensation Bonus Reserves, nonrecurring funds for the 2016-2017 fiscal year are authorized generally to provide employing agencies with funds to award one-time merit-based bonuses to State-funded personnel in accordance with eligibility policies adopted by the employing agencies. The eligibility policy shall not provide an across-the-board bonus for this purpose. Notwithstanding G.S. 135-1(7a) and G.S. 135-53(5), merit-based bonuses awarded under this Part are not compensation under Chapter 135 of the General Statutes.

SECTION 36.1A.(b) Employing Agency. – For the purposes of this Part, "employing agency" includes the following entities employing State-funded personnel:

1. The State Human Resources Commission, for executive branch departments with respect to both EHRA and SHRA employees, except University of North Carolina EHRA employees.
2. The Administrative Office of the Courts and the Commission on Indigent Defense Services, for the judicial branch.
3. The Legislative Services Commission, for the legislative branch.
4. The Board of Governors of The University of North Carolina, except as to its SHRA employees.
5. The State Board of Community Colleges, for the North Carolina Community College System.
6. Each local board of education, for school-based administrators, central office, and noncertified personnel. Educators are not eligible.

SECTION 36.1A.(c) Reporting. – Each local board of education shall provide to the Department of Public Instruction (DPI) the details of how these funds are distributed by district and school. All other employing agencies, and DPI, shall report to the chairs of the Senate Appropriations/Base Budget Committee and the House of Representatives Committee on Appropriations and the Fiscal Research Division on the use of these funds by no later than February 1, 2017.

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 36.2.(a) Section 30.2 of S.L. 2015-241 reads as rewritten:
"SECTION 30.2. The annual salaries, payable monthly, for the following executive branch officials shall remain unchanged for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, as follows:
...."

SECTION 36.2.(b) The annual salaries, payable monthly, for the following executive branch officials for the 2016-2017 fiscal year are increased by one and one-half percent (1.50%), as follows:

<table>
<thead>
<tr>
<th>Executive Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman, Alcoholic Beverage Control Commission</td>
<td>$113,546</td>
</tr>
<tr>
<td>State Controller</td>
<td>$158,501</td>
</tr>
<tr>
<td>Commissioner of Banks</td>
<td>$127,561</td>
</tr>
<tr>
<td>Chair, Board of Review, Division of Employment Security</td>
<td>$125,104</td>
</tr>
</tbody>
</table>
JUDICIAL BRANCH SALARIES

SECTION 36.3.(a)  Effective July 1, 2015, the annual salaries, payable monthly, for specified judicial branch officials for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, are as follows:

"SECTION 30.3.(a) Effective July 1, 2015, the annual salaries, payable monthly, for specified judicial branch officials for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, are as follows:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>Annual Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$150,086</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>146,191</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>143,878</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>140,144</td>
</tr>
<tr>
<td>Judge, Senior Regular Resident Superior Court</td>
<td>136,364</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>132,584</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>120,490</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>116,710</td>
</tr>
<tr>
<td>District Attorney</td>
<td>127,215</td>
</tr>
<tr>
<td>Assistant Administrative Officer of the Courts</td>
<td>123,469</td>
</tr>
<tr>
<td>Public Defender</td>
<td>127,215</td>
</tr>
<tr>
<td>Director of Indigent Defense Services</td>
<td>131,145</td>
</tr>
</tbody>
</table>

SECTION 36.3.(b)  For the 2016-2017 fiscal year, the annual salaries of employees of the Judicial Department whose salaries are not itemized in this act are increased by four and one-half percent (4.50%), and in accordance with the provisions of this Part.

SECTION 36.3.(c)  The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed seventy-six thousand seventy-three dollars ($76,073) and the minimum salary of any assistant district attorney or assistant public defender is at least forty thousand three hundred sixty-six dollars ($40,366), effective July 1, 2016.

CLERK OF SUPERIOR COURT

SECTION 36.4.  Effective July 1, 2016, G.S. 7A-101(a) reads as rewritten:

"(a)  The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:
When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office.”

ASSISTANT AND DEPUTY CLERKS OF COURT

SECTION 36.5.(a) Effective July 1, 2016, 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:

<table>
<thead>
<tr>
<th>Position</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Clerks and Head Bookkeeper</td>
<td>$32,609</td>
<td>$33,098</td>
</tr>
<tr>
<td>Deputy Clerks</td>
<td>$28,223</td>
<td>$28,646</td>
</tr>
</tbody>
</table>

Deputy Clerks Annual Salary

<table>
<thead>
<tr>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>$28,223</td>
<td>$28,646</td>
</tr>
<tr>
<td>$28,223</td>
<td>$28,646</td>
</tr>
<tr>
<td>$28,223</td>
<td>$28,646</td>
</tr>
</tbody>
</table>

SECTION 36.5.(b) For the 2016-2017 fiscal year, the annual salaries of step-eligible employees are increased by one and one-half percent (1.50%) in addition to the step change. The annual salaries of employees not eligible for a step are increased by four and one-half percent (4.50%).

MAGISTRATES

SECTION 36.6.(a) Effective July 1, 2016, G.S. 7A-171.1 reads as rewritten:
"§ 7A-171.1. Duty hours, salary, and travel expenses within county.
(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

<table>
<thead>
<tr>
<th>Step Level</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Rate</td>
<td>$35,275</td>
<td>$36,862</td>
</tr>
<tr>
<td>Step 1</td>
<td>37,950</td>
<td>38,519</td>
</tr>
<tr>
<td>Step 2</td>
<td>40,335</td>
<td>41,448</td>
</tr>
<tr>
<td>Step 3</td>
<td>43,890</td>
<td>44,548</td>
</tr>
<tr>
<td>Step 4</td>
<td>47,550</td>
<td>48,263</td>
</tr>
<tr>
<td>Step 5</td>
<td>51,960</td>
<td>52,739</td>
</tr>
<tr>
<td>Step 6</td>
<td>56,900</td>
<td>57,754</td>
</tr>
</tbody>
</table>

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:
The minimum and maximum salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

| Less than 1 year of service | Minimum | $27,846 |
| 1 or more but less than 3 years of service | 28,027 – 29,027 |
| 3 or more but less than 5 years of service | 30,405 – 31,405 |

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

The minimum and maximum salaries of magistrates who, on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

| Less than 1 year of service | Minimum | $29,099 |
| 1 or more but less than 3 years of service | 29,288 – 30,333 |
| 3 or more but less than 5 years of service | 31,773 – 32,818 |

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

SECTION 36.6.(b) Employees paid under this section, when first moving onto a step, shall be paid at the minimum rate.

LEGISLATIVE BRANCH SALARIES

SECTION 36.7.(a) Section 30.4(b) of S.L. 2015-241 reads as rewritten:

"SECTION 30.4.(b) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2015, shall not be legislatively increased for the 2015-2017 fiscal biennium, 2015-2016 fiscal year but may be increased as otherwise allowed by law."

SECTION 36.7.(b) The annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2016, are increased by one and one-half percent (1.50%).

SECTION 36.7.(c) Legislative employees paid pursuant to subsection (b) of this section shall receive the across-the-board compensation bonus awarded by this act.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 36.8. Effective July 1, 2016, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of one hundred six thousand three hundred thirty-three dollars ($106,333), one hundred seven thousand nine hundred twenty-eight dollars ($107,928), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANT-AT-ARMS AND READING CLERKS

SECTION 36.9. Effective July 1, 2016, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of four hundred four dollars ($404.00) four hundred ten dollars ($410.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their
homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES PERSONNEL

SECTION 36.10.(a) Section 30.5 of S.L. 2015-241 reads as rewritten:

"SECTION 30.5. The minimum salaries for nine-month, full-time curriculum community college faculty for the 2015-2017 fiscal biennium 2015-2016 fiscal year shall remain unchanged as follows:

...."

SECTION 36.10.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2016-2017 fiscal year are as follows:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Minimum Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational Diploma/Certificate or Less</td>
<td>$35,844</td>
</tr>
<tr>
<td>Associate Degree or Equivalent</td>
<td>36,356</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>38,579</td>
</tr>
<tr>
<td>Master's Degree or Education Specialist</td>
<td>40,551</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>43,394</td>
</tr>
</tbody>
</table>

No full-time faculty member shall earn less than the minimum salary for his or her education level.

The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

SECTION 36.10.(c) For the 2015-2017 fiscal biennium, the community college boards of trustees may provide personnel a salary increase pursuant to the policies adopted by the State Board of Community Colleges.

SECTION 36.10.(d) Funds for compensation increases, including bonuses, may be used for any one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to policies adopted by the State Board of Community Colleges. By March 1, 2017, the State Board of Community Colleges shall make a report on the use of these funds to the 2017 General Assembly.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 36.11.(a) Section 30.6 of S.L. 2015-241 reads as rewritten:

"SECTION 30.6. Effective for the 2015-2017 fiscal biennium, 2015-2016 fiscal year, the annual compensation of all full-time University of North Carolina SHRA and EHRA employees shall not be legislatively increased for the 2015-2017 fiscal biennium, but may be increased as otherwise allowed by law."

SECTION 36.11.(b) Effective for the 2016-2017 fiscal year, the annual salaries of all full-time University of North Carolina SHRA and EHRA employees are increased by one and one-half percent (1.50%).

STATE AGENCY TEACHERS

SECTION 36.12. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and employees of the School of Science and Mathematics of the University of North Carolina who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 9.1 of this act.

SBI/ALE/INCREASES

SECTION 36.13. By September 1, 2016, the Director of the State Bureau of Investigation shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research Division regarding their plan to adjust the salaries of Alcohol Law Enforcement agents and State Bureau of Investigation officers, respectively.
ALL STATE-SUPPORTED PERSONNEL

SECTION 36.14.(a) Section 30.8 of S.L. 2015-241 reads as rewritten:
"SECTION 30.8.(a) For the 2015-2017 fiscal biennium—2015-2016 fiscal year:
..."

SECTION 36.14.(a1) For the 2016-2017 fiscal year:
(1) Unless otherwise specifically provided, the annual salaries of all employees subject to or exempt from the North Carolina Human Resources Act are increased by one and one-half percent (1.50%).
(2) Each employing agency may award one-time merit-based bonuses to State supported personnel in accordance with policies adopted by the employing agency.
(3) All eligible State-supported personnel shall receive an across-the-board compensation bonus in the amount of one-half of one percent (0.50%) as authorized by this Part.

SECTION 36.14.(b) Salaries and Related Benefits for Positions That Are Funded:
(1) Partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.
(2) Fully from sources other than the General Fund or Highway Fund shall be increased as provided by this act. The Director of the Budget may increase expenditures of receipts from these sources by the amount necessary to provide the legislative increase to receipt-supported personnel in the certified budget.

The Director of the Budget may increase expenditures of receipts from these sources in the certified budget by the amount necessary to provide the increases authorized by this Part to receipt-supported personnel.

SECTION 36.14.(c) Except as otherwise provided, the annual salary increases and one-time bonuses provided in this act do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2016.

SECTION 36.14.(d) Employees eligible for statutory increases under G.S. 20-187.3, 7A-102, and 7A-171.1 may receive the increases and bonuses authorized by this section.

SECTION 36.14.(e) Payroll checks issued to employees after July 1, 2016, that represent payment of services provided prior to July 1, 2016, shall not be eligible for salary increases provided for in this act. This subsection applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

SECTION 36.14.(f) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

MOST STATE EMPLOYEES

SECTION 36.15.(a) Section 30.9 of S.L. 2015-241 reads as rewritten:
"SECTION 30.9. For the 2015-2017 fiscal biennium—2015-2016 fiscal year, except as otherwise provided by this Part, the annual salaries in effect June 30, 2015, for the following employees shall not be legislatively increased, but may be increased as otherwise allowed by law:
..."

SECTION 36.15.(b) For the 2016-2017 fiscal year, except as otherwise provided by this Part and Part 9 of this act, the annual salaries in effect on June 30, 2016, for the
following persons are increased by one and one-half percent (1.50%) and these persons will also receive a one-time, across-the-board bonus in the amount of one-half of one percent (0.50%):

1. Permanent full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
2. Permanent full-time State officials and persons in positions exempt from the State Human Resources Act.
3. Permanent part-time State employees.
4. Temporary and permanent hourly State employees.

SECTION 36.15.(c) For the 2016-2017 fiscal year, employing agencies may award merit-based bonuses to eligible employees who are any of the following:
1. Permanent full-time State employees whose salaries are set in accordance with the State Human Resources Act.
2. Permanent full-time State employees in positions exempt from the State Human Resources Act.
3. Permanent part-time State employees.
4. Temporary and permanent hourly State employees.

COMPENSATION BONUS/Across-the-board/AWARDED FOR FISCAL YEAR 2016-2017

SECTION 36.16.(a) Any person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on September 1, 2016, shall be awarded a one-time, lump sum compensation bonus for the 2016-2017 fiscal year in the amount of one-half of one percent (0.50%) during the month of October 2016, except as provided by subsection (a1) of this section.

SECTION 36.16.(a1) Teachers paid on the Salary Schedule in Section 9.1 of this act are not eligible to receive the bonus awarded by subsection (a) of this section.

SECTION 36.16.(b) Notwithstanding G.S. 135-1(7a), the compensation bonus awarded by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 36.16.(c) The compensation bonus awarded by this section is not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

SECTION 36.16.(d) Recipients of disability benefits under Article 6 of Chapter 135 of the General Statutes who have not terminated their employment and who otherwise meet the conditions of this section are eligible to receive the bonus, which shall be paid by the employing agency. The Disability Income Plan will neither pay the bonus nor reimburse the employer for payment.

SECTION 36.16.(e) For part-time employees, the bonus shall be pro rata based on the number of hours worked.

USE OF FUNDS APPROPRIATED FOR LEGISLATELY MANDATED SALARY INCREASES/COMPENSATION BONUSES/EMPLOYEE BENEFITS

SECTION 36.17.(a) The appropriations set forth in Section 2.1 of this act include appropriations for legislatively mandated salary increases and compensation bonuses in amounts set forth in the committee report described in Section 39.2 of this act. The Office of State Budget and Management shall ensure that those funds are used only for the purposes of legislatively mandated salary increases, compensation bonuses, and employee benefits. Any recurring funds remaining in the compensation and benefits reserves shall be used to adjust the salaries of any positions that fall below the minimum of the new salary grade assigned to those...
positions during the realignment of salary grades pursuant to the Office of State Human Resources’ Statewide Compensation System Project. Any funds remaining following the adjustment to these positions shall revert in accordance with G.S. 143C-1-2(b), unless otherwise provided by law.

SECTION 36.17.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases, compensation bonuses, and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases, compensation bonuses, and employee benefits.

SECTION 36.17.(c) No later than March 1, 2017, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases, compensation bonuses, and employee benefits. This report shall include at least the following information for each State agency for the 2016-2017 fiscal year:

1. The total amount of funds that the agency received for legislatively mandated salary increases, compensation bonuses, and employee benefits.
2. The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
3. The total amount of funds used by the agency for legislatively mandated salary increases, compensation bonuses, and employee benefits.
4. The use of any funds under subsection (a) of this section to adjust the salaries of any positions that fall below the minimum of the new salary grade assigned to those positions during the realignment of salary grades pursuant to the Office of State Human Resources’ Statewide Compensation System Project.
5. The amount of funds expected to revert under subsection (a) of this section.

MITIGATE BONUS LEAVE

SECTION 36.18. During the 2016-2017 fiscal year, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of Chapter 126 of the 2002 Session Laws, Section 30.12B(a) of Chapter 284 of the 2003 Session Laws, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

1. Employee participation in the program must be voluntary.
2. Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee’s current annual salary rate.
3. Each agency shall collect and report demographic information on the employees who opt to use or cash-in special leave under the incentive program. By March 1, 2017, an interim report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division. The final report shall be submitted by September 1, 2017.

EXTEND VOLUNTARY SHARED LEAVE TO COMMUNITY COLLEGES EMPLOYEES

SECTION 36.19. G.S. 115D-25.3 reads as rewritten:

"§ 115D-25.3. Voluntary shared leave."

(a) The State Board of Community Colleges, in cooperation with the State Board of Education and the State Human Resources Commission, shall adopt rules and policies to allow any employee at a community college to share leave voluntarily with an immediate family member who is an employee of a community college, public school, or State agency; and with
a coworker's immediate family member who is an employee of a community college, public school, or State agency. For the purposes of this section, the term "immediate family member" means a spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half, and in-law relationships. The term "coworker" means that the employee donating the leave is employed by the same agency, department, institution, university, local school administrative unit, or community college as the employee whose immediate family member is receiving the leave.

(b) The State Board of Community Colleges, in cooperation with the State Human Resources Commission, shall adopt rules and policies consistent with policies of the Commission to allow any employee at a community college to share leave voluntarily with a nonfamily member who is an employee of a community college. A community college employee who donates sick leave to a community college employee who is a nonfamily member shall not donate more than five days of sick leave per year to any one nonfamily community college employee. The combined total of sick leave donated to a community college employee from nonfamily community college employee donors shall not exceed 20 days per year. Donated sick leave shall not be used for retirement purposes and community college employees who donate sick leave shall be notified in writing of the consequences of donating sick leave in regard to State retirement system service credit.

**DELAY STATEWIDE COMPENSATION SYSTEM PROJECT IMPLEMENTATION**

SECTION 36.19A.(a) The Office of State Human Resources shall not commence the implementation phase of the Statewide Compensation System Project (Project) prior to February 1, 2017.

SECTION 36.19A.(b) When the implementation phase commences, the Director of the Budget may increase expenditures of receipts to the amount necessary to fund salary adjustments authorized by the Office of State Human Resources for receipt-supported positions that fall below the minimum of the new salary grade assigned to those positions during the realignment of salary grades pursuant to the Project.

**SALARY-RELATED CONTRIBUTIONS**

SECTION 36.20.(a) Section 30.20 of S.L. 2015-241 reads as rewritten:

"**SALARY-RELATED CONTRIBUTIONS**

..."

"SECTION 30.20.(b) Effective July 1, 2015, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2015-2017 fiscal biennium –2015-2016 fiscal year are (i) fifteen and thirty-two hundredths percent (15.32%) – Teachers and State Employees; (ii) twenty and thirty-two hundredths percent (20.32%) – State Law Enforcement Officers; (iii) twelve and eighty-five hundredths percent (12.85%) – University Employees' Optional Retirement Program; (iv) twelve and eighty-five hundredths percent (12.85%) – Community College Optional Retirement Program; (v) thirty-two and eighty-one hundredths percent (32.81%) – Consolidated Judicial Retirement System; and (vi) seven and forty hundredths percent (7.40%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes forty-one hundredths percent (0.41%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."
"SECTION 30.20.(b1) Effective July 1, 2016, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2016-2017 fiscal year are (i) sixteen and twelve hundredths percent (16.12%) – Teachers and State Employees; (ii) twenty-one and twelve hundredths percent (21.12%) – State Law Enforcement Officers; (iii) twelve and eighty-two hundredths percent (12.82%) – University Employees' Optional Retirement Program; (iv) twelve and eighty-two hundredths percent (12.82%) – Community College Optional Retirement Program; (v) thirty-five and six hundredths percent (35.06%) – Consolidated Judicial Retirement System; and (vi) twenty-three and eighty-two hundredths percent (23.82%) – Legislative Retirement System. Each of the foregoing contribution rates includes five and sixty hundredths percent (5.60%) for hospital and medical benefits. The rate for the Teachers and State Employees, State Law Enforcement Officers, University Employees' Optional Retirement Program, and the Community College Optional Retirement Program includes thirty-eight hundredths percent (0.38%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income. The rate for Teachers and State Employees and State Law Enforcement Officers includes one hundredths percent (0.01%) for the Qualified Excess Benefit Arrangement.

"SECTION 30.20.(c) Effective July 1, 2015, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2015-2016 fiscal year biennium to the State Health Plan for Teachers and State Employees are (i) Medicare-eligible employees and retirees – four thousand two hundred fifty-one dollars ($4,251) and (ii) non-Medicare-eligible employees and retirees – five thousand four hundred seventy-one dollars ($5,471)."

SECTION 36.20.(b) If the Director of the Budget reallocates the Reserve for Future Benefits Needs, as authorized in Section 36.24 of this act, then effective July 1, 2016, the maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 2016-2017 fiscal year to the State Health Plan for Teachers and State Employees shall be (i) Medicare-eligible employees and retirees – four thousand two hundred ninety-seven dollars ($4,297) and (ii) non-Medicare-eligible employees and retirees – five thousand six hundred fifty-nine dollars ($5,659). Additionally, if the Director of the Budget reallocates the Reserve for Future Benefits Needs, as authorized in Section 36.24 of this act, the Director of the Budget may increase the contribution rate for hospital and medical benefits in Section 30.20(b1) of S.L. 2015-241, as amended by subsection (a) of this section, to either five and eighty-one hundredths percent (5.81%) effective July 1, 2016, or six and two hundredths percent (6.02%), effective January 1, 2017, and adjust the other contribution rates in the section accordingly.


SECTION 36.21.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(uuu) On or before October 31, 2016, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2016, and whose retirement commenced on or before September 1, 2016. The payment shall be one and six-tenths percent (1.6%) of the beneficiary's annual retirement allowance payable as of September 1, 2016, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 36.21.(b) G.S. 135-65 is amended by adding a new subsection to read:
"(ff) On or before October 31, 2016, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2016, and whose retirement commenced on or before September 1, 2016. The payment shall be one and six-tenths percent (1.6%) of the beneficiary's annual retirement allowance payable as of September 1, 2016, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 36.21.(e) G.S. 120-4.22A is amended by adding a new subsection to read:

"(z) In accordance with subsection (a) of this section, on or before October 31, 2016, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2016, and whose retirement commenced on or before September 1, 2016. The payment shall be one and six-tenths percent (1.6%) of the beneficiary's annual retirement allowance payable as of September 1, 2016, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 36.21.(d) Notwithstanding any other provision of law to the contrary, in order to administer the one-time cost-of-living supplement for retirees provided for in subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the corresponding retirement system or pay costs associated with the administration of the payment directly from the retirement assets.

QUALIFIED EXCESS BENEFIT ARRANGEMENT

SECTION 36.23.(a) G.S. 135-151 is amended by adding a new subsection to read:

"(d1) The last employer of a payee who retires on or after August 1, 2016, and who receives any supplemental benefit payment under this section shall be required to reimburse the QEBA in the amount of any supplemental benefit payment made to that payee. The reimbursement amount shall be calculated on an annual basis every calendar year. For purposes of calculating the reimbursement amount, the Board of Trustees may include a pro rata share of direct costs attributable to administration of the QEBA. The total amount of reimbursement owed by The University of North Carolina and UNC Health Care shall not exceed five hundred thousand dollars ($500,000) annually. The Fiscal Research Division of the General Assembly shall be required to review all reimbursement amounts prior to notifying an employer of the reimbursement amount owed.

The employer shall have 60 calendar days from the date of notification of the reimbursement amount owed to pay the amount in full or the employer shall be assessed a penalty, in lieu of interest, of one percent (1%) per month, or fraction thereof, that the payment is made beyond the due date."

SECTION 36.23.(b) G.S. 128-38.10 is amended by adding a new subsection to read:

"(d1) The last employer of a payee who retires on or after August 1, 2016, and who receives any supplemental benefit payment under this section shall be required to reimburse the QEBA in the amount of any supplemental benefit payment made to that payee. The reimbursement amount shall be calculated on an annual basis every calendar year. For purposes of calculating the reimbursement amount, the Board of Trustees may include a pro rata share of direct costs attributable to administration of the QEBA. The Fiscal Research Division of the General Assembly shall be required to review all reimbursement amounts prior to notifying an employer of the reimbursement amount owed.

The employer shall have 60 calendar days from the date of notification of the reimbursement amount owed to pay the amount in full or the employer shall be assessed a
penalty, in lieu of interest, of one percent (1%) per month, or fraction thereof, that the payment is made beyond the due date."

**SECTION 36.23.(e)** G.S. 135-151(j) reads as rewritten:

"(j) Sunset of Eligibility to Participate in the QEBA. – No member of the Teachers' and State Employees' Retirement System retiring on or after August 1, 2016, who became a member of the Retirement System on or after January 1, 2015, shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new retiree member more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

**SECTION 36.23.(c)** G.S. 128-38.10(k) reads as rewritten:

"(k) Sunset of Eligibility to Participate in the QEBA. – No member of the North Carolina Local Governmental Employees' Retirement System retiring on or after August 1, 2016, who became a member of the Retirement System on or after January 1, 2015, shall be eligible to participate in the QEBA, and the Retirement System shall not pay any new retiree member more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue Code."

**SECTION 36.23.(d)** Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees of the Teachers' and State Employees' Retirement System may develop procedures to implement subsection (a) of this section. Notwithstanding Chapter 150B of the General Statutes, the Board of Trustees of the North Carolina Local Governmental Employees' Retirement System may develop procedures to implement subsection (b) of this section.

**STATE HEALTH PLAN COST-CONTROLLING MEASURES AND REALLOCATION OF RESERVE FOR FUTURE BENEFIT NEEDS**

**SECTION 36.24.(a)** The State Treasurer and the Board of Trustees shall adopt measures applicable to any or all of the 2017, 2018, or 2019 calendar years to limit projected employer contribution increases.

**SECTION 36.24.(b)** If the Director of the Budget determines that the additional cost-controlling measures adopted by the Board of Trustees and the State Treasurer as directed in subsection (a) of this section are sufficient to reduce the projected employer premium increases to four percent (4%) or less in both the 2018 and 2019 plan years, then the Director of the Budget is authorized to reallocate funds in the Reserve for Future Benefit Needs to individual State agency budgets. The projected employer premium increases should be calculated assuming the Reserve for Future Benefit Needs is reallocated.

**SECTION 36.24.(c)** Section 30.26(b) of S.L. 2015-241 reads as rewritten:

"SECTION 30.26.(b) During the 2015-2017 fiscal biennium, the State Health Plan for Teachers and State Employees shall maintain a cash reserve of at least twenty twelve percent (20%) of its annual costs. For purposes of this section, the term "cash reserve" means the total balance in the Public Employee Health Benefit Fund and the Health Benefit Reserve Fund established in G.S. 135-48.5 plus the Plan's administrative account, and the term "annual costs" means the total of all medical claims, pharmacy claims, administrative costs, fees, and premium payments for coverage outside of the Plan."

**PART XXXVII. CAPITAL APPROPRIATIONS**

**CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 37.1.** Section 31.2 of S.L. 2015-241 reads as rewritten:

"SECTION 31.2.(a) There is appropriated from the General Fund for the 2015-2017 fiscal biennium the following amounts for capital improvements:

**Capital Improvements – General Fund**

<table>
<thead>
<tr>
<th>Department of Agriculture and Consumer Services</th>
<th>2015-2016</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dorton Arena Roof Replacement</td>
<td>2,305,000</td>
<td>2,305,000</td>
</tr>
<tr>
<td>Southeastern North Carolina Agricultural Events Center</td>
<td>$165,000</td>
<td>$165,000</td>
</tr>
</tbody>
</table>

500
### DuPont Forest – Bathroom, Utility, and Parking
- **Lot Improvements**: 3,000,000

### Department of Cultural Resources
- **USS North Carolina Hull Repair and Cofferdam**: 3,500,000

### Department of Environment and Natural Resources
- **Water Resources Development**: 5,083,000
  - Total: 6,270,000

### Department of Public Safety
- **Armory and Facility Development Projects**: 868,000
- **Helipad Planning**: 69,000
- **Camp Butner Land Purchases**: 250,000
- **Wilkes County Armory Supplement**: 300,000

### University of North Carolina
- **North Carolina School of Science and Mathematics – Technology Upgrades and Building Repair**: 4,000,000
- **NC State University Engineering Building Advance Planning**: 1,000,000
- **University of North Carolina Asheville Land Acquisition**: 2,000,000
- **Western School of Medicine/UNC School of Medicine**: 8,000,000

### TOTAL CAPITAL IMPROVEMENTS – GENERAL FUND
- **2016-2017**: $16,756,000
- **2017**: $6,087,500
- **2018**: $26,072,500

### SECTION 31.2.(b)
Funds appropriated to the Department of Public Safety in subsection (a) of this section for Helipad planning shall be used to fund planning of helipads at the Joint Forces Headquarters in Raleigh, North Carolina.

### WATER RESOURCES DEVELOPMENT PROJECTS

#### SECTION 37.2.(a)
The Department of Environmental Quality shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated thirty-two million one hundred fifty thousand dollars ($32,150,000) in federal funds.

### Name of Project 2016-2017

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neuse River – Goldsboro, Section 1135</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>Carolina Beach Coastal Storm Damage Reduction</td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>Kure Beach Coastal Storm Damage Reduction</td>
<td>81,000</td>
<td></td>
</tr>
<tr>
<td>Wrightsville Beach Coastal Storm Damage Reduction</td>
<td>561,000</td>
<td></td>
</tr>
<tr>
<td>Ocean Isle Beach Coastal Storm Damage Reduction</td>
<td>1,535,000</td>
<td></td>
</tr>
<tr>
<td>Eastern NC Stream Debris Removal</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>State/Local Water Resources Development Grants</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>Cape Fear Lock &amp; Dam #2 Fish Ramp – Phase 1</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>North Topsail Beach Shoreline Protection Project – Phase 2</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Environmental Quality Incentives Program – NRCS</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Town of Burgaw – Pender Hospital Drainage Improvements</td>
<td>347,000</td>
<td></td>
</tr>
<tr>
<td>Ararat River, Surry County</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Town of Rutherfordton Stream Restoration</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Wilmington Harbor Maintenance</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
S.L. 2016-94  Session Laws-2016

(15) Morehead City Harbor Maintenance 2,000,000
(16) Water Resources Planning Assistance to Communities 25,000
(17) John H. Moss Reservoir Dam Repair/Water & Sewer Upgrades 1,500,000

TOTALS $11,774,000

SECTION 37.2.(b) It is the intent of the General Assembly that funds carried forward from previous fiscal years be used to supplement the six million two hundred seventy thousand dollars ($6,270,000) appropriated for water resources development projects in Section 31.2 of S.L. 2015-241, as amended by Section 37.1 of this act. Therefore, the following funds carried forward from previous fiscal years shall be used for the following projects:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Morehead City Harbor Maintenance</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>(2) Ocean Isle Beach CSDR</td>
<td>1,029,000</td>
</tr>
<tr>
<td>(3) Environmental Quality Incentives Program – NRCS</td>
<td>2,000,000</td>
</tr>
<tr>
<td>(4) Planning Assistant to Communities</td>
<td>25,000</td>
</tr>
<tr>
<td>(5) Wrightsville Beach CSDR</td>
<td>450,000</td>
</tr>
</tbody>
</table>

TOTALS $5,504,000

SECTION 37.2.(c) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects funded under subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 2016-2017 fiscal year or if the projects funded under subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

1. U.S. Army Corps of Engineers project feasibility studies.
2. U.S. Army Corps of Engineers projects whose schedules have advanced and require State-matching funds in the 2016-2017 fiscal year.
3. State/local water resources development projects.

Funds subject to this subsection that are not expended or encumbered for the purposes set forth in subdivisions (1) through (3) of this subsection shall revert to the General Fund at the end of the 2017-2018 fiscal year.

SECTION 37.2.(d) The Department shall make semiannual reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

1. All projects listed in this section.
2. The estimated cost of each project.
3. The date that work on each project began or is expected to begin.
4. The date that work on each project was completed or is expected to be completed.
5. The actual cost of each project.

The semiannual reports also shall show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

SECTION 37.2.(e) Notwithstanding any provision of law to the contrary, funds appropriated for a water resources development project shall be used to provide no more than fifty percent (50%) of the nonfederal portion of funds for the project. This subsection applies to funds appropriated in this act and to funds appropriated prior to the 2015-2017 fiscal biennium that are unencumbered and proposed for reallocation to provide the nonfederal portion of funds for water resources development projects. The limitation on fund usage contained in this subsection applies only to projects in which a local government or local governments
participate. This subsection shall not apply to, and there shall be no local match required for, any of the following, notwithstanding any other provision of law:

(1) The Environmental Quality Incentives Program. Furthermore, Section 36.3(e) of S.L. 2013-360, Section 36.2(e) of S.L. 2014-100, and Section 31.3(e) of S.L. 2015-241 shall not apply to funds made available as part of the Environmental Quality Incentives Program in any fiscal year.

(2) The allocation of funds for the John H. Moss Reservoir Dam Repair/Water & Sewer Upgrades.

SECTION 37.2. (f) Section 31.3(a) of S.L. 2015-241 reads as rewritten:

"SECTION 31.3(a) The Department of Environment and Natural Resources shall allocate funds for water resources development projects in accordance with the schedule that follows. The amounts set forth in the schedule include funds appropriated in this act for water resources development projects and funds carried forward from previous fiscal years in accordance with subsection (b) of this section. These funds will provide a State match for an estimated forty-four million three hundred fifty-three thousand dollars ($44,353,000) in federal funds.

Name of Project 2015-2016

(20) Assistance to Counties – EAP Preparation Wrightsville Beach CSDR 250,000

..."

SECTION 37.2. (g) Notwithstanding any other provision of law, funds required by subsection (a) of this section to be allocated for John H. Moss Reservoir Dam Repair/Water & Sewer Upgrades shall be used to provide a grant to a municipality located in a development tier two county where the municipality (i) has a population less than 12,000 and (ii) has previously received a loan during the 2013 calendar year under the Drinking Water State Revolving Fund to replace water distribution lines serving 5,000 or fewer customers that have exceeded their useful life as evidenced by tuberculation, breaks, and leaks. The municipality that receives the funds may use them for any lawful purpose.

SECTION 37.2. (h) G.S. 143-215.71 reads as rewritten:

"§ 143-215.71. Purposes for which grants may be requested.

Applications for grants may be made for the nonfederal share of water resources development projects for the following purposes in amounts not to exceed the percentage of the nonfederal costs indicated:

(1) General navigation projects that are sponsored by local governments – eighty percent (80%);
(2) Recreational navigation projects – twenty-five percent (25%);
(3) Construction costs for water management (flood control and drainage) purposes, including utility and road relocations not funded by the State Department of Transportation – sixty-six and two-thirds percent (66 2/3%), but only of that portion of the project specifically allocated for such flood control or drainage purposes;
(4) Stream restoration – sixty-six and two-thirds percent (66 2/3%);
(5) Protection of privately owned beaches where public access is allowed and provided for – seventy-five percent (75%);
(6) Land acquisition and facility development for water-based recreation sites operated by local governments – fifty percent (50%);
(7) Aquatic weed control projects sponsored by local governments – fifty percent (50%).
(8) Projects that are part of the Environmental Quality Incentives Program – one hundred percent (100%)

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NON-GENERAL FUND CAPITAL IMPROVEMENT AUTHORIZATIONS

SECTION 37.3. Section 31.4(a) of S.L. 2015-241, as amended by Section 9.1 of S.L. 2015-268, reads as rewritten:

"SECTION 31.4(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund sources available to the appropriate department:

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Amount of Non-General Fund Funding Authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2015-2016 FY 2016-2017</td>
</tr>
</tbody>
</table>
| Department of Agriculture and Consumer Services | $3,000,000  
| WNC Farmers Market Improvements/Robert G. Shaw Piedmont Triad Farmers Market Improvements |  
| WNC Agricultural Center Events/Restroom Building | $500,000  
| NC Forest Service Mountain Island Educational Forest-Visitor and Interpretive Center | $4,000,000  
| Deer Fence on Research Stations | $200,000  
| Aviary Egg Layer Research Building | $1,750,000  
| State Fair Renovations/Infrastructure Improvements | $2,500,000  
| State Fair Horse Complex | $1,000,000  
| Animal Disease Diagnostic Laboratory Equipment | $500,000  
| Department of Environment and Natural Resources Natural and Cultural Resources |  
| Fort Fisher Aquarium Salt Water Well | $590,000 $590,000  
| Gorilla Expansion | $450,000  
| Department of Public Safety |  
| National Guard – Wilmington Replacement | $14,200,000  
| Nash Print Plant Roof Replacement | $1,508,000  
| Harnett Visitor Center | $549,000  
| Wildlife Resources Commission |  
| Boating Access New Construction | $3,750,000 $3,750,000  
| Land Acquisition | $900,000 $900,000  
| Jordan Lake Depot | $500,000  
| Fishing Access Construction | $200,000  
| TOTAL AMOUNT OF NON-GENERAL FUND CAPITAL PROJECTS AUTHORIZED | $33,840,200  
| $5,440,000 $7,497,000" |

REPAIRS AND RENOVATIONS CHANGES

SECTION 37.4. Section 31.5 of S.L. 2015-241 reads as rewritten:

"SECTION 31.5 (a) Of the funds remaining in the Reserve for Repairs and Renovations for the 2015-2016 and the 2016-2017 fiscal years, years after the allocations required by subsection (f) of this section have been made, the following allocations shall be made to the following agencies for repairs and renovations pursuant to G.S. 143C-4-3:

(1) One-third of the funds for the 2015-2016 fiscal year and one-half of the funds for the 2016-2017 fiscal year shall be allocated to the Board of Governors of The University of North Carolina.

(2) Two-thirds of the funds for the 2015-2016 fiscal year and one-half of the funds for the 2016-2017 fiscal year shall be allocated to the Office of State Budget and Management."
The Office of State Budget and Management shall consult with or report to the Joint Legislative Commission on Governmental Operations, as appropriate, in accordance with G.S. 143C-4-3(d). The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-4-3(d).

"SECTION 31.5.(b) Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used each fiscal year by the Board of Governors for the installation of fire sprinklers in University residence halls. This portion shall be in addition to funds otherwise appropriated in this act for the same purpose. Such funds shall be allocated among the University's constituent institutions by the President of The University of North Carolina, who shall consider the following factors when allocating those funds:

1. The safety and well-being of the residents of campus housing programs.
2. The current level of housing rents charged to students and how that compares to an institution's public peers and other UNC institutions.
3. The level of previous authorizations to constituent institutions for the construction or renovation of residence halls funded from the General Fund or from bonds or certificates of participation supported by the General Fund since 1996.
4. The financial status of each constituent institution's housing system, including debt capacity, debt coverage ratios, credit rankings, required reserves, the planned use of cash balances for other housing system improvements, and the constituent institution's ability to pay for the installation of fire sprinklers in all residence halls.
5. The total cost of each proposed project, including the cost of installing fire sprinklers and the cost of other construction, such as asbestos removal and additional water supply needs.

The Board of Governors shall submit progress reports to the Joint Legislative Commission on Governmental Operations. Reports shall include the status of completed, current, and planned projects. Reports also shall include information on the financial status of each constituent institution's housing system, the constituent institution's ability to pay for fire protection in residence halls, and the timing of installation of fire sprinklers. Reports shall be submitted on January 1 and July 1 until all residence halls have fire sprinklers.

"SECTION 31.5.(c) Notwithstanding G.S. 143C-4-3(d), of the funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, a portion shall be used each fiscal year by the Board of Governors for campus public safety improvements allowable under G.S. 143C-4-3(b).

"SECTION 31.5.(d) In making campus allocations of funds allocated to the Board of Governors of The University of North Carolina in subsection (a) of this section, the Board of Governors shall negatively weight the availability of non-State resources and carryforward funds available for repair and renovations and shall include information about the manner in which this subsection was complied with in any report submitted pursuant to G.S. 143C-4-3(d). shall consider all of and only the following:

1. The amount of each campus' deficiencies documented pursuant to the Facilities Condition Assessment Program.
2. The availability of non-State resources and carryforward funds available for repair and renovations at each campus, which shall be negatively weighted in making allocation decisions.

"SECTION 31.5.(d1) The Board of Governors shall include information about the manner in which subsection (d) of this section was compiled within any report submitted pursuant to G.S. 143C-4-3(d).

"SECTION 31.5.(e) Of the funds allocated to the Office of State Budget and Management in subsection (a) of this section, the sum of nine million five hundred thousand dollars
($9,500,000) shall be used for Legislative Building Roof Replacement and Asbestos Abatement.

"SECTION 31.5(f). Notwithstanding G.S. 143C-4-3(d), of the funds in the Reserve for Repairs and Renovations for the 2016-2017 fiscal year, the following sums shall be allocated for the following projects:

1. Six hundred thousand dollars ($600,000) shall be allocated to renovate and remodel portions of the State Library and Archives and History Building.
2. Four million five hundred thousand dollars ($4,500,000) shall be allocated for repairs and renovations at the North Carolina Zoo.
3. Nine hundred twenty-three thousand dollars ($923,000) shall be allocated for repairs and renovations of the North Carolina State Capitol.
4. Three million dollars ($3,000,000) shall be allocated for repairs and renovations to the Western North Carolina Agricultural Center.
5. Seven hundred fifty thousand dollars ($750,000) shall be allocated for renovating space at Odum Village to become a new Veterans Student Center at the University of North Carolina at Chapel Hill.
6. Three million dollars ($3,000,000) shall be allocated for repairs and renovations at the Western Farmers Market.
7. Nine hundred thousand dollars ($900,000) shall be allocated for renovations to dormitories at the Eastern Justice Academy at Salemburg.
8. Two hundred fifty thousand dollars ($250,000) for repairs and renovations at the Eastern School for the Deaf."

ALLOW REPAIRS & RENOVATIONS FUNDS TO BE USED FOR BUILDING DEMOLITION AND INSTALLATION OF ELECTRICAL, PLUMBING, AND RELATED SYSTEMS

SECTION 37.5. G.S. 143C-4-3(b) reads as rewritten:

"(b) Use of Funds. – The funds in the Repairs and Renovations Reserve shall be used only for the repair and renovation of (i) State facilities and related infrastructure that are supported from the General Fund or (ii) Department of Information Technology facilities and related infrastructure. Funds from the Repairs and Renovations Reserve shall be used only for the following types of projects:

1. Roof repairs and replacements;
2. Structural repairs;
3. Repairs and renovations to meet federal and State standards;
4. Repairs to or installation of new electrical, plumbing, and heating, ventilating, and air-conditioning systems;
5. Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;
6. Improvements to meet fire safety needs;
7. Improvements to existing facilities for energy efficiency;
8. Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
9. Improvements and renovations to improve use of existing space;
10. Historical restoration;
11. Improvements to roads, walks, drives, utilities infrastructure; and
12. Drainage and landscape improvements.

Funds from the Repairs and Renovations Reserve shall not be used for new construction or the expansion of the building area (sq. ft.) of an existing facility unless required in order to comply with federal or State codes or standards."
UNC DEBT AFFORDABILITY STUDY MODIFICATIONS

SECTION 37.6. G.S. 116D-56(b) and (c) read as rewritten:

"(b) Board of Governors Reporting Required. – The Board shall report its findings and recommendations to the Office of State Budget and Management, the Joint Legislative Commission on Governmental Operations, the State Treasurer, and The University of North Carolina General Administration by February 1 April 1 of each year. The report shall be accompanied by each of the reports provided to the Board pursuant to subsection (c) of this section.

(c) Constituent Institution Reporting Required. – No later than November 1 February 1 of each year, each constituent institution shall report to the Board of Governors on its current and anticipated debt levels. The report shall be made in a uniform format to be prescribed by the Board of Governors. Each report shall include at least the following:

1. The amount and type of outstanding debt of the institution.
2. The sources of repayment of the debt.
3. The amount of debt that the institution plans to issue or incur during the next five years.
4. A description of projects financed with the debt.
5. The current bond rating of the institution and information about any changes to that bond rating since the last report was submitted.
6. Information about the constituent institution's debt management policies and any recommendations for methods to maintain or improve the University's bond rating.
7. Debt burden comparisons to comparable peer institutions.
8. Any other information requested by the Board of Governors."

ENHANCE OVERSIGHT OF CERTAIN CAPITAL PROJECTS

SECTION 37.7.(a) G.S. 146-25 reads as rewritten:

"§ 146-25. Leases and rentals.

(a) General Procedure. – If, after investigation, the Department of Administration determines that it is in the best interest of the State that land be leased or rented for the use of the State or of any State agency, the Department shall proceed to negotiate with the owners for the lease or rental of such property. All lease and rental agreements entered into by the Department shall be promptly submitted to the Governor and Council of State for approval or disapproval.

(b) Leases Exceeding 30-Year Terms. – The Department of Administration shall not enter into a lease of real property for a period of more than 30 years, or a renewal of a lease of real property if the renewal would make the total term of the lease exceed 30 years, unless specifically authorized to do so by the General Assembly. The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or renewing such a lease and shall include a copy of the legislation authorizing the lease or lease renewal in the report. This subsection shall not apply to leases by a university endowment to a university."

SECTION 37.7.(b) G.S. 146-29 reads as rewritten:

"§ 146-29. Procedure for sale, lease, or rental.

(a) General Procedure. – If, after investigation, the Department of Administration determines that it is in the best interest of the State that land be sold, leased, or rented, the Department shall proceed with its sale, lease, or rental, as the case may be, in accordance with rules adopted by the Governor and approved by the Council of State. If an agreement of sale, lease, or rental is reached, the proposed transaction shall then be submitted to the Governor and Council of State for their approval or disapproval. Every conveyance in fee of land owned by the State or by any State agency shall be made and executed in the manner prescribed in G.S. 146-74 through 146-78."
(b) Limitations on Certain Leases. – The Department of Administration shall not enter into a lease or lease renewal of the following types unless specifically authorized to do so by the General Assembly:

1. A lease of real property for a period of more than 30 years, or a renewal of a lease of real property, if the renewal would make the total term of the lease exceed 30 years.

2. A lease of real property, or a renewal of a lease of real property, for any term if both of the following conditions are satisfied:
   a. State personnel or State functions would need to be relocated as a result of the lease or renewal.
   b. The agency to which the property is currently allocated possesses insufficient operating funds to cover the cost of both the relocation and the ongoing provision of State functions affected by the relocation.

(c) Reporting Required. – The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations at least 30 days prior to entering or renewing any lease described in subdivision (b)(1) of this section or any lease or renewal that will require the relocation of State personnel or State functions. The report shall include all of the following:

1. If the lease or lease renewal will require State personnel or State functions to be relocated, a statement of the legislation authorizing the lease or lease renewal or a detailed statement of the operating funds that will be used to cover the cost of both the relocation and the ongoing provision of State functions affected by the relocation, as applicable.

2. If the lease or lease renewal will have a term of more than 30 years, a statement of the legislation authorizing the lease or lease renewal.

(d) Exemptions. – This section shall not apply to the following:

1. The granting of utility easements, including the lease of interests in real property pursuant to G.S. 146-29.2.

2. Leases for student housing projects, including a ground lease to a university endowment for the purpose of facilitating the construction of student housing.

3. Leases made as part of the Voice Interoperability Plan for Emergency Responders (VIPER) project being managed by the Department of Public Safety.

SECTION 37.7.(c) G.S. 146-29.1 is amended by adding a new subsection to read:

"(h) Any lease or rental entered into pursuant to this section shall be subject to the requirements and limitations of G.S. 146-29."

SECTION 37.7.(e) G.S. 146-32 reads as rewritten:

"§ 146-32. Exemptions as to leases, etc.

(a) The Governor, acting with the approval of the Council of State, may adopt rules and regulations:

1. Exempting from any or all of the requirements of this Subchapter such classes of lease, rental, easement, and right-of-way transactions as he deems advisable; and

2. Authorizing any State agency to enter into and/or approve those classes of transactions exempted by such rules and regulations from the requirements of this Chapter.

3. No rule or regulation adopted under this section may exempt from the provisions of G.S. 146-25.1 any class of lease or rental which has a duration of more than 21 days, unless the class of lease or rental:
a. Is a lease or rental necessitated by a fire, flood, or other disaster that forces the agency seeking the new lease or rental to cease use of real property;

b. Is a lease or rental necessitated because an agency had intended to move to new or renovated real property that was not completed when planned, but a lease or rental exempted under this subparagraph may not be for a period of more than six months; or

c. Is a lease or rental which requires a unique location or a location that adjoins or is in close proximity to an existing rental location.

(b) No rule or regulation adopted pursuant to subsection (a) of this section may exempt any lease from the provisions of G.S. 146-25(b) or G.S. 146-29(b) or (c)."

SECTION 37.7.(f) G.S. 143C-8-4 reads as rewritten:

"§ 143C-8-4. Agency capital improvement needs estimates.

... (c) Real Property and New Construction or Facility Rehabilitation Needs Estimate. – The second part of the capital improvement needs estimates shall include only proposals for real property acquisition and projects involving construction of new facilities or rehabilitation of existing facilities to accommodate uses for which the existing facilities were not originally designed. Each project included in this part shall be justified by reference to the needs evaluation criteria established by the Office of State Budget and Management pursuant to G.S. 143C-8-3 and shall include the information required by G.S. 143C-3-3(d)(5).

For capital projects of The University of North Carolina and its constituent institutions, the Office of State Budget and Management shall utilize the needs evaluation information approved by the Board of Governors of The University of North Carolina developed pursuant to G.S. 116-11(9) and shall include the information required by G.S. 143C-3-3(d)(5)."

SECTION 37.7.(g) G.S. 143C-8-5 reads as rewritten:

"§ 143C-8-5. Six-year capital improvements plan.

... (c) Real Property Acquisition, New Construction, or Facility Rehabilitation. – The second part of the capital improvement plan shall set forth an integrated schedule for real property acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the Director of the Budget, should be initiated within each year of the six-year planning period. The plan shall contain for each project (i) estimates of real property acquisition, and construction or rehabilitation costs, (ii) a means of financing the project, (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated schedule for the completion of the project, and (v) an estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation. Where the means of financing would involve direct or indirect debt service obligations, a schedule of those obligations shall be presented."

SECTION 37.7.(h) G.S. 143C-8-6 reads as rewritten:

"§ 143C-8-6. Recommendations for capital improvements set forth in the Recommended State Budget.

... (e) Other Capital Projects in the Budget Support Document. – The Budget Support Document shall contain for each capital project recommended in accordance with subsection (d) of this section: (i) a detailed project description and justification, (ii) a detailed estimate of acquisition, planning, design, site development, construction, contingency and other related costs, (iii) an estimated schedule of cash flow requirements over the life of the project, (iv) an estimated schedule for the completion of the project, (v) an estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation, (vi) an estimate of revenues, if any, likely to be derived from the project, covering the first five years of operation, and (vii) an explanation of the means of financing."
All Recommended Capital Projects. — The Director of the Budget shall ensure that recommendations in the Recommended State Budget for repairs and renovations of existing facilities, real property acquisition, new construction, or rehabilitation of existing facilities include all of the following information:

1. An estimate of maintenance and operating costs, including personnel, for the project, covering the first five years of operation. If no increase in these expenditures is anticipated because the recommended project would replace an existing facility, then the level of expenditures for the previous five years of operation shall be included instead.

2. A recommended funding source for the operating costs identified pursuant to subdivision (1) of this subsection.

SECTION 37.7.(i) No later than October 1, 2016, the Director of the Budget shall prepare and transmit to the General Assembly a preliminary six-year capital improvement plan that complies with the requirements of G.S. 143C-8-5, as amended by subsection (g) of this section, and G.S. 143C-8-3(b), as enacted by subsection (j) of this section. This plan shall be in addition to any other six-year capital improvement plan required by G.S. 143C-8-5.

SECTION 37.7.(j) G.S. 143C-8-3 reads as rewritten:

"§ 143C-8-3. Capital improvement needs criteria.
(a) Criteria. — The Office of State Budget and Management shall develop a weighted list of factors that may be used to evaluate the need for capital improvement projects. The list shall include all of the following:

1. Preservation, adequacy and use of existing facilities.
2. Health and safety considerations.
3. Operational efficiencies.
4. Projected demand for governmental services.
(b) Reporting. — The Office of State Budget and Management shall include the following in each six-year capital improvement plan submitted to the General Assembly pursuant to G.S. 143C-8-5:

1. The list of factors developed pursuant to subsection (a) of this section.
2. The most recent results of applying the factors developed pursuant to subsection (a) of this section to capital funds requests from State agencies."

SECTION 37.7.(k) This section is effective when it becomes law and applies to leases entered into or renewed, and to budgets recommended by the Director of the Budget, on or after that date.

LIMIT THE ABILITY OF STATE AGENCIES OR STATE ENTITIES TO ENTER INTO DEBT OR DEBT-LIKE ARRANGEMENTS OUTSIDE OF THE PURVIEW OF THE GENERAL ASSEMBLY

SECTION 37.8.(a) Chapter 142 of the General Statutes is amended by adding a new Article to read:

"Article 1A.
Issuance Accountability.

§ 142-15.15. Findings.
The General Assembly hereby finds as follows:

1. From time to time, the General Assembly has authorized the State and State entities to acquire or lease assets and has structured the acquisition or leasing of those assets in ways that obligate the State to make payments similar to the obligation of the State to make payments for borrowed money.
2. Some of these arrangements have been made pursuant to specific legislative authorization of the General Assembly, such as the financing of assets pursuant to the State Capital Facilities Finance Act, the State Energy Conservation Act, and the State and Local Government Revenue Bond Act, while other arrangements have been entered into pursuant to broader and
more general legislative authorization, such as general powers to lease property.

(3) Depending upon the terms, some arrangements may be treated as similar to obligating the State to make payments for borrowed money and, therefore, have an impact on the State's credit ratings, the future debt affordability, the ability to address budgetary shortfalls, the ability to enforce its contract rights regarding the quality, the durability and performance of the assets acquired, the management of federal income tax compliance requirements, the management of federal securities law compliance, and on the other matters of State finances.

(4) Due to these consequences, the General Assembly enacts this Article to set forth limitations on the ability of State entities to enter into financing arrangements that constitute State-supported financing arrangements in order to assure that the General Assembly is involved in reviewing and authorizing these transactions and that the transactions are properly managed by State departments and officials.

The following definitions apply in this Article:

(1) Financing arrangement. — An installment financing arrangement, lease-purchase arrangement, arrangement under which funds are to be paid in the future based upon the availability of an asset, or any similar arrangement in the nature of a financing having a term (including renewal options) of greater than one year, in which a State entity agrees to make payments to acquire or obtain a capital asset for a State entity. Any arrangement that results in the identification of a portion of a lease payment, installment payment, or similar scheduled payment as "interest" for purposes of federal income taxation is a financing arrangement for purposes of this Article; provided, however, that (i) a contractual provision that requires interest charges for late or overdue payments shall not by themselves convert a construction or procurement contract into a financing arrangement and (ii) a contractual provision in a construction or purchase contract in which a State entity will withhold or retain from amounts otherwise payable under the contract a retainage until completion of construction, the resolution or adjudication of disputes under the contract, the satisfaction of contract provisions requiring that the property constructed or acquired meets specified performance or quality standards, or similar contractual provisions designed to protect the interests of the State under the contract do not convert an arrangement that otherwise does not constitute a financing arrangement into a financing arrangement. The term does not include any of the following:

a. A true operating lease.
b. Provisions in a construction or purchase contract in which payments are to be made over an extended period of time in accordance with the terms of the contract as construction is completed or assets are delivered.
c. A public-private partnership entered into pursuant to G.S. 143-128.1C.
d. Agreements entered into pursuant to G.S. 136-18(39a).

(2) State entity. — The State of North Carolina and every agency, authority, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.
State-supported financing arrangement. – Any financing arrangement that requires payments that are payable, whether directly or indirectly, and whether or not subject to the appropriation of funds for payment, by payments from the General Fund, the Highway Fund, the Highway Trust Fund, or other funds and accounts of the State that are funded from the general revenues and other taxes and fees of the State or State entities. A State-supported financing arrangement does not include a financing arrangement where bonds or other obligations are issued or incurred to carry out a financing program authorized by the General Assembly under which the bonds or other obligations are payable from moneys derived from specified, limited, nontax sources, such as (i) loan payments made by a non-State entity receiving the benefit of financing by a State entity (including an "obligor" or "participating institution" within the meaning of Chapter 159D of the General Statutes, a "public agency" or a "nonprofit agency" within the meaning of Chapter 131A of the General Statutes, and similar entities); (ii) revenues of a revenue-producing enterprise or activity (such as "revenues" within the meaning of Part 4 of Article 1 of Chapter 116 of the General Statutes and "obligated resources" within the meaning of Article 3 of Chapter 116D of the General Statutes); and (iii) loan payments received, loans owned, and other assets of a State entity that are pledged to secure bonds under programs to finance that type of assets and the associated activities (such as mortgage loans under Chapter 122A of the General Statutes and student loans under Article 23 of Chapter 116 of the General Statutes).

§ 142-15.17. No State-supported financing of certain assets without approval of the General Assembly.

No State entity shall enter into any State-supported financing arrangement with respect to the acquisition of a capital asset having a value of five million dollars ($5,000,000) or more, unless the General Assembly has enacted legislation expressly approving (i) the acquisition, project, or undertaking to be financed and (ii) the use of the State-supported financing arrangement. The legislation required by this section may be in the form of either an act that refers to the specific asset or project and the manner of financing or an act that identifies a type of asset or project and a maximum amount that may be financed or incurred for that type of asset or project. Examples of references to a specific asset or project include guaranteed energy savings contracts or energy conservations measures of a type described in Article 3B of Chapter 143 of the General Statutes or repairs and renovations of State-owned buildings.

SECTION 37.8.(b) This section is effective when it becomes law and applies to financing arrangements entered on or after that date.

AUTHORIZATION TO SEEK NON-GENERAL FUND DOLLARS FOR UNC PEMBROKE BUSINESS SCHOOL

SECTION 37.9. The General Assembly authorizes the construction of the business school at the University of North Carolina at Pembroke to be funded in accordance with the following:

(1) The sum of twenty-three million dollars ($23,000,000) of the proceeds of bonds issued for the business school pursuant to Section 1(f) of S.L. 2015-280 shall be used for this project.

(2) Up to the sum of thirteen million dollars ($13,000,000) of funds from receipts or from other non-General Fund sources available to the University of North Carolina at Pembroke raised or made available by the University prior to December 31, 2017, may be used for this project.
PART XXXVIII. FINANCE PROVISIONS
INCREASE ZERO TAX BRACKET

SECTION 38.1.(a) Effective for taxable years beginning on or after January 1, 2016, G.S. 105-153.5(a)(1) reads as rewritten:
"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Standard Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married, filing jointly/surviving spouse</td>
<td>$15,500/$16,500</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$12,400/$13,200</td>
</tr>
<tr>
<td>Single</td>
<td>$7,750/$8,250</td>
</tr>
<tr>
<td>Married, filing separately</td>
<td>$7,750/$8,250</td>
</tr>
</tbody>
</table>

SECTION 38.1.(b) Effective for taxable years beginning on or after January 1, 2017, G.S. 105-153.5(a)(1), as amended by subsection (a) of this section, reads as rewritten:
"(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may deduct from adjusted gross income either the standard deduction amount provided in subdivision (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

1) Standard deduction amount. – The standard deduction amount is zero for a person who is not eligible for a standard deduction under section 63 of the Code. For all other taxpayers, the standard deduction amount is equal to the amount listed in the table below based on the taxpayer's filing status:

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<tbody>
<tr>
<td>Married, filing jointly/surviving spouse</td>
<td>$16,500/$17,500</td>
</tr>
<tr>
<td>Head of Household</td>
<td>$13,200/$14,000</td>
</tr>
<tr>
<td>Single</td>
<td>$8,250/$8,750</td>
</tr>
<tr>
<td>Married, filing separately</td>
<td>$8,250/$8,750</td>
</tr>
</tbody>
</table>

SECTION 38.1.(c) Notwithstanding G.S. 105-163.2, the Department of Revenue is not required to adjust the withholding tables applicable for the 2016 taxable year.

SECTION 38.1.(d) Except as otherwise provided, this section is effective when it becomes law.

EXPAND TAXATION OF MILL MACHINERY

SECTION 38.2.(a) G.S. 105-187.51B reads as rewritten:
"§ 105-187.51B. Tax imposed on machinery, equipment, and other tangible personal property purchased by certain recyclers, research and development companies, industrial machinery refurbishing companies, and companies located at ports facilities, companies.

(a) Tax. – A privilege tax is imposed on the following:

5) A company located at a ports facility for waterborne commerce that purchases specialized equipment to be used at the facility to unload or process bulk cargo to make it suitable for delivery to and use by manufacturing facilities, any of the following:
a. Machinery and equipment that is used at the facility to unload or to facilitate the unloading or processing of bulk cargo to make it suitable for delivery to and use by manufacturing facilities.

b. Parts, accessories, or attachments used to maintain, repair, replace, upgrade, improve, or otherwise modify such machinery and equipment.

(b) Rate. – The tax is one percent (1%) of the sales-purchase price of the equipment or other tangible personal property. The maximum tax is eighty dollars ($80.00) per article.”

SECTION 38.2.(b) G.S. 105-187.51B(a), as amended by subsection (a) of this section, is amended by adding the following new subdivisions:

(6) A person other than a person subject to tax under subdivision (1) of this subsection that gathers and obtains ferrous metals, nonferrous metals, and items that have served their original economic purpose and that converts them by processes, including sorting, cutting, classifying, cleaning, baling, wrapping, shredding, or shearing into a new or different product for sale consisting of prepared grades for the purchase of equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:

a. Is capitalized by the person for tax purposes under the Code.

b. Is used by the person in a conversion process described in this subdivision.

c. Is not a motor vehicle or an attachment or repair part for a motor vehicle.

(7) A company primarily engaged at the establishment in processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase for the purchase of equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:

a. Is capitalized by the company for tax purposes under the Code.

b. Is used by the company in the process described in this subdivision.

(8) A company (i) that is engaged in the fabrication of metal work, (ii) that has annual gross receipts, including the gross receipts of all related persons as defined in G.S. 105-163.010, from the fabrication of metal work of at least eight million dollars ($8,000,000), and (iii) that purchases equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:

a. Is capitalized by the company for tax purposes under the Code.

b. Is used by the company at the establishment in the fabrication or manufacture of metal products or used by the company to create equipment for the fabrication or manufacture of metal products.”

SECTION 38.2.(c) G.S. 105-164.13 is amended by adding the following new subdivision:

“(57a) Fuel, piped natural gas, and electricity sold to a secondary metals recycler for use in recycling at its facility at which the primary activity is recycling.”

SECTION 38.2.(d) G.S. 105-187.51(b) reads as rewritten:

"(b) Rate. – The tax is one percent (1%) of the sales-purchase price of the machinery, part, or accessory purchased. The maximum tax is eighty dollars ($80.00) per article. As used in this section, the term "accessories" does not include electricity.”

SECTION 38.2.(e) G.S. 105-187.51D(b) reads as rewritten:

"(b) Tax. – A privilege tax is imposed on a large manufacturing and distribution facility that purchases mill machinery, distribution machinery, or parts or accessories for mill machinery or distribution machinery for storage, use, or consumption in this State. The tax is one percent (1%) of the sales-purchase price of the machinery, part, or accessory purchased.
The maximum tax is eighty dollars ($80.00) per article. As used in this section, the term "accessories" does not include electricity.

**SECTION 38.2.(f)** Subsection (a) of this section is effective when it becomes law and applies retroactively to purchases made on or after July 1, 2013. Subsections (b) and (c) of this section becomes effective July 1, 2016, and apply to sales made on or after that date. The remainder of this section is effective when it becomes law.

**MARKET-BASED SOURCING**

**SECTION 38.4.(a)** Notwithstanding any provision of Chapter 150B of the General Statutes or any other provision of law prohibiting adoption of rules based on legislation not yet enacted into law, on or before January 20, 2017, the Department of Revenue shall adopt and submit to the Rules Review Commission rules regarding the implementation and administration of market-based sourcing principles as if the proposed statutory changes in subsection (c) of this section were law. In adopting rules pursuant to this subsection, the exemption provided by G.S. 150B-1(d)(4) shall not apply, and the Department shall observe the general provisions of Article 2A of Chapter 150B of the General Statutes, except as follows:

1. Notwithstanding G.S. 150B-21.2(f), the agency must accept comments on the text of the proposed rules for at least 90 days after the text is published.
2. The provisions of G.S. 150B-21.4 do not apply.
3. If House Bill 169 of the 2016 Regular Session of the 2015 General Assembly is enacted, the provisions of G.S. 150B-19.4, as enacted by Section 1.1 of House Bill 169 of the 2016 Regular Session of the 2015 General Assembly, do not apply.

**SECTION 38.4.(b)** In determining whether the rules adopted pursuant to subsection (a) of this section meet the standards for review, the Rules Review Commission shall apply the standards in G.S. 150B-21.9(a) as though the proposed statutory changes in subsection (c) of this section were law. If the Commission approves the rules adopted pursuant to subsection (a) of this section, the Commission shall deliver the approved rules to the Codifier of Rules. The Codifier of Rules shall not enter the rules into the Administrative Code until the General Assembly enacts the proposed statutory changes and directs the Codifier to do so. The rules become effective on the date they are entered in the Administrative Code.

**SECTION 38.4.(c)** The proposed statutory changes referenced in subsection (a) of this section are as follows:

§ 105-130.4. Allocation and apportionment of income for corporations.

... 

1. The sales factor is a fraction, the numerator of which is the total sales of the corporation in this State during the income year, and the denominator of which is the total sales of the corporation everywhere during the income year. Notwithstanding any other provision under this Part, the receipts from any casual sale of property shall be excluded from both the numerator and the denominator of the sales factor. Where a corporation is not taxable in another state on its apportionable income but is taxable in another state only because of nonapportionable income, all sales shall be treated as having been made in this State.

Receipts are in this State if the taxpayer's market for the receipts is in this State. If the market for a receipt cannot be determined, the state or states of assignment shall be reasonably approximated. In a case in which a taxpayer cannot ascertain the state or states to which receipts of a sale are to be assigned through the use of a method of reasonable approximation, the receipts must be excluded from the denominator of a taxpayer's sales factor. Except as otherwise provided by this section, a taxpayer's market for receipts is in this State as provided below:

1. In the case of sale, rental, lease, or license of real property, if and to the extent the property is located in this State.
2. Sales of tangible personal property are in this State if the property is received in this State by the purchaser. In the case of delivery of goods by
common carrier or by other means of transportation, including transportation by the purchaser, the place at which the goods are ultimately received after all transportation has been completed shall be considered as the place at which the goods are received by the purchaser. Direct delivery into this State by the taxpayer to a person or firm designated by a purchaser from within or without the State shall constitute delivery to the purchaser in this State. In the case of rental, lease, or license of tangible personal property, if and to the extent the property is located in this State.

(3) Other sales are in this State if:

a. The receipts are from real or tangible personal property located in this State; or
b. The receipts are from intangible property and are received from sources within this State; or
c. The receipts are from services and the income-producing activities are in this State.

(4) In the case of sale of a service, if and to the extent the service is delivered to a location in this State.

(5) In the case of intangible property that is rented, leased, or licensed, if and to the extent the property is used in this State. Intangible property utilized in marketing a good or service to a consumer is "used in this State" if that good or service is purchased by a consumer who is in this State.

(6) In the case of intangible property that is sold, if and to the extent the property is used in this State. A contract right, government license, or similar intangible property that authorized the holder to conduct a business activity in a specific geographic area is "used in this State" if the geographic area includes all or part of this State. Receipts from a sale of intangible property that is contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease, or licensing of the intangible property as provided under subdivision (5) of this subsection. All other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the sales factor.

(11) Banks. – A bank's market for receipts is in this State as provided in G.S. 105-130.4A. For purposes of this section, the term "bank" has the same meaning as defined in G.S. 105-130.4A.

§ 105-130.4A. Market-based sourcing for banks.

(a) Definitions. – The definitions in G.S. 105-130.4 apply to this section, and the following definitions apply to this section:

(1) Bank. – Defined in G.S. 105-130.7B.

(2) Billing address. – The location indicated in the books and records of the taxpayer on the first day of the taxable year, or on the date in the taxable year when the customer relationship began, as the address where any notice, statement, or billing relating to the customer's account is mailed.

(3) Borrower, card holder, or payor located in this State. – A borrower, credit card holder, or payor whose billing address is in this State.
(4) Card issuer's reimbursement fee. – The fee a taxpayer receives from a merchant's bank because one of the persons to whom the taxpayer has issued a credit, debit, or similar type of card has charged merchandise or services to the card.

(5) Credit card. – A card, or other means of providing information, that entitles the holder to charge the cost of purchases, or a cash advance, against a line of credit.

(6) Debit card. – A card, or other means of providing information, that enables the holder to charge the cost of purchases, or a cash withdrawal, against the holder's bank account or a remaining balance on the card.

(7) Loan. – Any extension of credit resulting from direct negotiations between the taxpayer and its customer, and/or the purchase, in whole or in part, of such an extension of credit from another. The term includes participations, syndications, and leases treated as loans for federal income tax purposes.

(8) Loan secured by real property. – A loan or other obligation of which fifty percent (50%) or more of the aggregate value of the collateral used to secure the loan or other obligation, when valued at fair market value as of the time the original loan or obligation was incurred, was real property.

(9) Merchant discount. – The fee, or negotiated discount, charged to a merchant by the taxpayer for the privilege of participating in a program whereby a credit, debit, or similar type of card is accepted in payment for merchandise or services sold to the card holder, net of any cardholder chargeback and unreduced by any interchange transaction or issuer reimbursement fee paid to another for charges or purchases made by its cardholder.

(10) Participation. – An extension of credit in which an undivided ownership interest is held on a prorated basis in a single loan or pool of loans and related collateral. In a loan participation, the credit originator initially makes the loan and then subsequently resells all or a portion of it to other lenders. The participation may or may not be known to the borrower.

(11) Payor. – The person who is legally responsible for making payment to the taxpayer.

(12) Real property owned. – Real property (i) on which the taxpayer may claim depreciation for federal income tax purposes or (ii) to which the taxpayer holds legal title and on which no other person may claim depreciation for federal income tax purposes or could claim depreciation if subject to federal income tax. Real property does not include coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

(13) Syndication. – An extension of credit in which two or more persons fund and each person is at risk only up to a specified percentage of the total extension of credit or up to a specified dollar amount.

(14) Tangible personal property owned. – Tangible personal property (i) on which the taxpayer may claim depreciation for federal income tax purposes or (ii) to which the taxpayer holds legal title and on which no other person may claim depreciation for federal income tax purposes could claim depreciation if subject to federal income tax. Tangible personal property does not include coin, currency, or property acquired in lieu of or pursuant to a foreclosure.

(15) Transportation property. – Vehicles and vessels capable of moving under their own power as well as any equipment or containers attached to such property. Examples of transportation property include aircraft, trains, water vessels, motor vehicles, rolling stock, barges, and trailers.

(b) General Rule. – The receipts factor of a bank is a fraction, the numerator of which is the total receipts of the taxpayer in this State during the income year, and the denominator of
which is the total receipts of the taxpayer everywhere during the income year. The method of calculating receipts for purposes of the denominator is the same as the method used in determining receipts for purposes of the numerator. The receipts factor includes only those receipts described herein that are apportionable income for the taxable year. Notwithstanding any other provision under this Part, the receipts from the following are excluded from both the numerator and the denominator of the receipts factor:

1. Receipts from a casual sale of property.
2. Receipts exempt from taxation.
3. The portion of receipts realized from the sale or maturity of securities or other obligations that represents a return of principal.
4. Receipts in the nature of dividends subtracted under G.S. 105-130.5(b)(3a) and (3b) and dividends excluded for federal tax purposes.
5. The portion of receipts from financial swaps and other similar financial derivatives that represent the notional principal amount that generates the cash flow traded in the swap agreement.

(c) Receipts From the Sale, Lease, or Rental of Real Property. — The numerator of the receipts factor includes receipts from the sale, lease, or rental of real property owned by the taxpayer if the property is located within this State or receipts from the sublease of real property if the property is located within this State.

(d) Receipts From the Sale, Lease, or Rental of Tangible Personal Property. — The method for calculating receipts from the sale, lease, or rental of tangible personal property is as follows:

1. Tangible personal property. — Except as provided in subdivision (2) of this subsection, the numerator of the receipts factor includes receipts from the sale, lease, or rental of tangible personal property owned by the taxpayer if the property is located within this State when it is first placed in service by the lessee.
2. Transportation property. — Receipts from the lease or rental of transportation property owned by the taxpayer are included in the numerator of the receipts factor to the extent that the property is used in this State. The extent an aircraft will be deemed to be used in this State and the amount of receipts that is to be included in the numerator of this State's receipts factor is determined by multiplying all the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this State and the denominator of which is the total number of landings of the aircraft. If the extent of the use of any transportation property within this State cannot be determined, then the property will be deemed to be used wholly in the state in which the property has its principal base of operations. A motor vehicle will be deemed to be used wholly in the state in which it is registered.

(e) Interest, Fees, and Penalties From Loans Secured by Real Property. — The numerator of the receipts factor includes interest, fees, and penalties from loans secured by real property if the property is located within this State. If the property is located both within this State and one or more other states, the receipts described in this subsection are included in the numerator of the receipts factor if more than fifty percent (50%) of the fair market value of the real property is located within this State. If more than fifty percent (50%) of the fair market value of the real property is not located within any one state, then the receipts described in this subsection are included in the numerator of the receipts factor if the borrower is located in this State. The determination of whether the real property securing a loan is located within this State is made as of the time the original agreement was made and any and all subsequent substitutions of collateral are disregarded.
(f) Interest, Fees, and Penalties From Loans Not Secured by Real Property. – The numerator of the receipts factor includes interest, fees, and penalties from loans not secured by real property if the borrower is located in this State.

(g) Net Gains From the Sale of Loans. – The numerator of the receipts factor includes net gains from the sale of loans. Net gains from the sale of loans include income recorded under the coupon stripping rules of section 1286 of the Code. The amount of net gains from the sale of loans that is included in the numerator is determined as follows:

1. Secured by real property. – The amount of net gains, but not less than zero, from the sale of loans secured by real property is determined by multiplying the net gains by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (e) of this section, and the denominator of which is the total amount of interest, fees, and penalties from loans secured by real property.

2. Not secured by real property. – The amount of net gains, but not less than zero, from the sale of loans not secured by real property is determined by multiplying the net gains by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (f) of this section, and the denominator of which is the total amount of interest, fees, and penalties from loans not secured by real property.

(h) Receipts From Interest, Fees, and Penalties from Card Holders. – The numerator of the receipts factor includes interest, fees, and penalties charged to credit, debit, or similar card holders, including annual fees and overdraft fees, if the card holder is located in this State.

(i) Receipts From ATM Fees. – The numerator of the receipts factor includes receipts from fees from the use of an ATM owned or rented by the taxpayer, if the ATM is located in this State. The receipts factor includes all ATM fees that are not forwarded directly to another bank. Receipts from ATM fees that are not sourced under this subsection are sourced pursuant to subsection (l) of this section.

(j) Net Gains From the Sale of Credit Card Receivables. – The numerator of the receipts factor includes net gains, but not less than zero, from the sale of credit card receivables multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to subsection (h) of this section, and the denominator of which is the taxpayer's total amount of interest, fees, and penalties charged to card holders.

(k) Miscellaneous Receipts. – The numerator of the receipts factor includes all of the following:

1. Card issuer's reimbursement fees. – Receipts from card issuer's reimbursement fees if the payor is located in this State.

2. Receipts from merchant's discount. – Receipts from a merchant discount if the payor is located in this State.

3. Loan servicing fees. – Receipts from loan servicing fees if the payor is located in this State.

4. Receipts from services. – Receipts from services not otherwise apportioned under this section if the payor is located in this State.

5. Receipts from investment assets and activity and trading assets and activity. – Receipts from one or more of the following:

a. Interest and dividends from investment assets and activities and trading assets and activities if the payor is located in this State.

b. Net gains and other income, but not less than zero, from investment assets and activities and trading assets and activities multiplied by a fraction, the numerator of which is the amount included in the numerator of the receipts factor pursuant to sub-subdivision a. of this subdivision, and the denominator of which is the taxpayer's total amount of interest and dividends from investment assets and activities and trading assets and activities.
(l) All Other Receipts. – All other receipts not specifically enumerated in this section are included in the numerator of the receipts factor if the payor is located in this State.”

SECTION 38.4.(d) If the General Assembly directs the Codifier of Rules to enter the rules into the Administrative Code pursuant to subsection (b) of this section, the Utilities Commission shall adjust the rates for public utilities, excluding water public utilities with less than two hundred thousand dollars ($200,000) in annual operating revenues, for the tax changes in subsection (c) of this section. Each utility shall calculate the cumulative net effect of the tax changes and file the calculations with proposed rate changes to reflect the net prospective tax changes in utility customer rates within 60 days of the enactment of this section. Any adjustments required to existing tax assets or liabilities reflected in the utility's books and records required by the tax changes shall be deferred and reflected in customer rates in either the utility's next rate case or earlier, if deemed appropriate by the Commission.

SECTION 38.4.(e) This section is effective when it becomes law.

SALES TAX CHANGES

SECTION 38.5.(a) A retailer is not liable for an undercollection of sales or use tax as a result of the changes made under Section 32.18 of S.L. 2015-241 and under Part V of S.L. 2015-259 if the retailer made a good-faith effort to comply with the law and collect the proper amount of tax. This applies only to the period beginning March 1, 2016, and ending December 31, 2016.

SECTION 38.5.(b) G.S. 105-237.1(a) is amended by adding a new subdivision to read:

"(a) Authority. – The Secretary may compromise a taxpayer's liability for a tax that is collectible under G.S. 105-241.22 when the Secretary determines that the compromise is in the best interest of the State and makes one or more of the following findings:

(7) The assessment is for sales tax the taxpayer failed to collect or use tax the taxpayer failed to pay as a result of the change in the definition of retailer or the sales tax base expansion to (i) service contracts, (ii) repair, maintenance, and installation services, or (iii) sales transactions for a person in retail trade. The Secretary must determine that the taxpayer made a good-faith effort to comply with the sales and use tax laws. This subdivision applies to assessments for any reporting period beginning March 1, 2016, and ending December 31, 2022."

SECTION 38.5.(c) G.S. 105-164.4H(c) reads as rewritten:

"(c) Erroneous Collection if Separately Stated. – An invoice or other documentation issued to a consumer at the time of the sale by a real property contractor shall not separately state any amount for tax. Any amount for tax separately stated on an invoice or other documentation given to a consumer by a real property contractor is an erroneous collection and must be remitted to the Secretary, and the provisions of G.S. 105-164.11(a)(2) do not apply. Secretary."

SECTION 38.5.(d) G.S. 105-164.3, as amended by S.L. 2016-5, reads as rewritten:

"§ 105-164.3. Definitions. The following definitions apply in this Article:

(3) Clothing. – All human wearing apparel suitable for general use.

(16e) Landscaping service. – A service to maintain or improve lawns, yards, or ornamental plants and trees. Examples include the installation of trees, shrubs, or flowers; tree trimming; lawn mowing; and the application of seed, mulch, pesticide, or fertilizer to a lawn or yard.
(23a) **Motor vehicle service contract.** – A service contract sold by a motor vehicle dealer or by or on behalf of a motor vehicle service agreement company for a motor vehicle or for one or more components, systems, or accessories for a motor vehicle. For purposes of this subdivision, the term “motor vehicle dealer” has the same meaning as defined in G.S. 20-286 and the term “motor vehicle service agreement company” has the same meaning as defined in G.S. 66-370.

(23a)(23c) **NAICS.** – Defined in G.S. 105-228.90.

(33d) **Real property.** – Any one or more of the following:
   a. Land.
   b. Building or structure on land.
   c. Permanent fixture on land.
   d. A manufactured home or a modular home that is placed on a permanent foundation.

(33e) **Real property contract.** – A contract between a real property contractor and another person to perform construction, reconstruction, or remodeling with respect to a capital improvement to real property.

(33f) **Real property contractor.** – A person that contracts to perform construction, reconstruction, installation, repair, or any other service with respect to real property and to furnish tangible personal property to be installed or applied to real property in connection with the contract and the labor to install or apply the tangible personal property that becomes part of real property—a real property contract in accordance with G.S. 105-164.4H. The term includes a general contractor, a subcontractor, or a builder for purposes of G.S. 105-164.4H. The term does not include a person engaged in retail trade.

(33g) **Related member.** – Defined in G.S. 105-130.7A.

(33h) **Remote sale.** – A sale of tangible personal property or digital property ordered by mail, by telephone, via the Internet, or by another similar method, to a purchaser who is in this State at the time the order is remitted, from a retailer who receives the order in another state and delivers the property or causes it to be delivered to a person in this State. It is presumed that a resident of this State who remits an order was in this State at the time the order was remitted.

(33i) **Repair, maintenance, and installation services.** – The term includes the activities listed in this subdivision and applies to tangible personal property, motor vehicle, digital property, and real property except tangible personal property or digital property installed or applied by a real property contractor pursuant to a real property contract taxed in accordance with G.S. 105-164.4H:
   a. To keep or attempt to keep tangible personal property or a motor vehicle in working order to avoid breakdown and prevent repairs, deterioration or repairs. Examples include to clean, wash, or polish property.
   b. To calibrate, refinish, restore, or attempt to calibrate or restore tangible personal property, calibrate, refinish, or restore property or a motor vehicle to proper working order or good condition. This activity may include replacing or putting together what is torn or broken.
   c. To troubleshoot, identify, or attempt to identify the source of a problem for the purpose of determining what is needed to restore tangible personal property or a motor vehicle to proper working order or good condition.
d. To install or apply install, apply, connect, adjust, or set into position tangible personal property except tangible personal property installed or applied by a real property contractor pursuant to a real property contract, property, digital property, or a motor vehicle.

e. To inspect or monitor property or a motor vehicle, but does not include security or similar monitoring services for real property.

(34a) Retail trade. – A trade in which the majority of revenue is from retailing tangible personal property, digital property, or services to consumers. The term includes activities of a person properly classified in NAICS sector 44-45, buying goods for resale, and rendering services incidental to the sale of merchandise. The term typically includes maintaining an inventory and may include the provision of repair, maintenance, and installation services. Not all activities provided in this subdivision are required for a trade to be considered retail trade.

(35) Retailer. – Any of the following persons:

a. A person engaged in business of making sales at retail, offering to make sales at retail, or soliciting sales at retail of tangible personal property, digital property, or services for storage, use, or consumption in this State, or services sourced to this State. When the Secretary finds it necessary for the efficient administration of this Article to regard any sales representatives, solicitors, representatives, consignees, peddlers, or truckers as agents of the dealers, distributors, consignors, supervisors, employers, or persons under whom they operate or from whom they obtain the items sold by them regardless of whether they are making sales on their own behalf or on behalf of these dealers, distributors, consignors, supervisors, employers, or persons as “retailers” for the purpose of this Article.

b. A person, other than a real property contractor, engaged in business of delivering, erecting, installing, or applying tangible personal property or digital property for use in this State that does not become part of real property pursuant to the tax imposed under G.S. 105-164.4(a)(13), unless the person is one or more of the following:

1. A person that solely operates as a real property contractor.
2. A person whose only business activity is providing repair, maintenance, and installation services where the person’s activities do not otherwise meet the definition of a retail trade.

c. A person engaged in business of making a remote sale, if one of the conditions listed in G.S. 105-164.8(b) is met.

d. A person, other than a facilitator, required to collect the State tax levied under G.S. 105-164.4(a) this Article or the local taxes levied under Subchapter VIII of this Chapter and under Chapter 1096 of the 1967 Session Laws.

(35a) Retailer-contractor. – A person that acts as a retailer when it sells tangible personal property, makes a sale at retail and as a real property contractor when it performs a real property contract.

(36) Sale or selling. – The transfer for consideration of title, license to use or consume, or possession of tangible personal property or digital property or
the performance for consideration of a service. The transfer or performance may be conditional or in any manner or by any means. The term includes the following:

a. Fabrication of tangible personal property for consumers by persons engaged in business who furnish either directly or indirectly the materials used in the fabrication work.

b. Furnishing or preparing tangible personal property consumed on the premises of the person furnishing or preparing the property or consumed at the place at which the property is furnished or prepared.

c. A transaction in which the possession of the property is transferred but the seller retains title or security for the payment of the consideration.

d. A lease or rental.

e. Transfer of a digital code.

f. An accommodation.

g. A service contract.

h. Any other item subject to tax under this Article.

(38b) Service contract. – A contract where the obligor under the contract agrees to maintain, monitor, inspect, or repair digital property or tangible personal property for a period of time or some other defined measure, regardless of whether the property becomes a part of or is affixed, applied to real property, or a motor vehicle. The term does not include a single repair, maintenance, or installation service. The term includes a service contract for a pool, fish tank, or similar aquatic feature and a home warranty. Examples of a service contract include a warranty agreement other than a manufacturer's warranty or dealer's warranty provided at no charge to the purchaser, an extended warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract.

SECTION 38.5.(e) G.S. 105-164.4(a) reads as rewritten:

"§ 105-164.4. Tax imposed on retailers.

(a) A privilege tax is imposed on a retailer engaged in business in the State at the percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

(1) The general rate of tax applies to the sales price of each item or article of tangible personal property that is sold at retail and is not subject to tax under another subdivision in this section. This subdivision does not apply to repair, maintenance, and installation services for real property; these services are taxable under subdivision (16) of this subsection.

(13) The general rate of tax applies to the sales price of tangible personal property, an item or service subject to tax under this Article sold to a real property contractor for use by the real property contractor in erecting structures, building on, or otherwise improving, altering, or repairing real property, or to fulfill a real property contract. These sales are taxed in accordance with G.S. 105-164.4H.

(16) The general rate applies to the sales price of or the gross receipts derived from repair, maintenance, and installation services, services and includes any tangible personal property or digital property that becomes a part of or is applied to a purchaser's property."
SECTION 38.5.(f) G.S. 105-164.4D(a) reads as rewritten:
"(a) Tax Application. – Tax applies to the sales price of a bundled transaction unless one of the following applies:

(6) Service contract. – The bundle includes a contract for two or more services, one of which is subject to tax under this Article and one of which is not subject to tax under this Article. The person must determine an allocated price for the taxable service portion of the contract in the bundle based on a reasonable allocation of revenue that is supported by the person’s business records kept in the ordinary course of business.”

SECTION 38.5.(g) G.S. 105-164.4H, as amended by S.L. 2016-5 and by Section 1 of this act, reads as rewritten:
"§ 105-164.4H. Real property contractors. (a) Applicability. – A real property contractor is the consumer of the tangible personal property, digital property, or service that the real property contractor installs, purchases, installs, or applies for others to fulfill a real property contract and that becomes part of real property, or used to fulfill the contract. A retailer engaged in business in the State shall collect tax on the sales price of the tangible personal property, digital property, or service sold at retail to a real property contractor unless a statutory exemption in G.S. 105-164.13 or G.S. 105-164.13E applies. Where a real property contractor purchases tangible personal property or digital property for storage, use, or consumption in this State, or a service sourced to this State, and the tax due is not paid at the time of purchase, the provisions of G.S. 105-164.6 apply except as provided in subsection (b) of this section.

(b) Retailer-Contractor. – This section applies to a retailer-contractor when the contractor acts as follows:

(1) Acting as a real property contractor. – A retailer-contractor acts as a real property contractor when it contracts to perform a real property contract. A retailer-contractor that purchases tangible personal property or digital property to be installed or applied to real property or a service to fulfill the contract may purchase those items exempt from tax under a certificate of exemption pursuant to G.S. 105-164.28 provided the retailer-contractor also purchases inventory items or services from the seller for resale. When the tangible personal property is withdrawn from inventory and installed or applied to real property, or when the service is deemed used, use tax must be accrued and paid on the retailer-contractor’s purchase price of the tangible personal property. Tangible personal property that the retailer-contractor withdraws from inventory for use that does not become part of real property is also subject to the tax imposed by this Article.

(2) Acting as a retailer. – A retailer-contractor is acting as a retailer when it makes a sale at retail.

(b1) Joint and Several Liability. – If a retailer-contractor subcontracts any part of the real property contract, tax is payable by the subcontractor on the subcontractor’s purchase of the tangible personal property or digital property that is installed or applied to real property in fulfilling or a service used to fulfill the contract. The retailer-contractor, the subcontractor, and the owner of the real property, and the lessee of the real property, are jointly and severally liable for the tax. The liability of a retailer-contractor, a subcontractor, or an owner, or lessee who did not purchase the property or service is satisfied by receipt of an affidavit from the purchaser certifying that the tax has been paid.

(c) Erroneous Collection if Separately Stated. – An invoice or other documentation issued to a consumer at the time of the sale by a real property contractor shall not separately state any amount for tax, and tax for a real property contract. Any amount for tax
(d) Mixed Transaction Contract. – A contract that includes both a real property contract for a capital improvement and repair, maintenance, and installation services is taxable as follows:

(1) If the price of the taxable repair, maintenance, and installation services included in the contract does not exceed ten percent (10%) of the contract price, then the repair, maintenance, and installation services portion of the contract, and the tangible personal property, digital property, or service used to perform that service, are taxable as a real property contract in accordance with this section.

(2) If the price of the taxable repair, maintenance, and installation services included in the contract is equal to or greater than ten percent (10%) of the contract price, then sales and use tax applies to the taxable repair, maintenance, and installation services portion of the contract. The person must determine an allocated price for each taxable repair, maintenance, and installation service in the contract based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business. Any purchase of tangible personal property, digital property, or services to fulfill the real property contract are taxes in accordance with this section.

(e) Definitions. – The following definitions apply in this Article:

(1) Capital improvement. – An addition or alteration to real property that is new construction, reconstruction, or remodeling of a building, structure, or fixture on land that becomes part of the real property or is permanently installed or applied to the real property so that removal would cause material damage to the property or article itself. The term includes an addition or an alteration to real property for or by a lessee or tenant, provided it is intended to become a permanent installation and title to it vests in the owner or lessor of the real property immediately upon installation. The term does not include the replacement of a fixture in or on a building or structure unless the replacement is part of a remodeling. The term does not include a single repair, maintenance, or installation service. The term includes, but is not limited to, all of the following:

a. Removal of items from real property, such as debris, construction materials, asbestos, or excavation activities, including the removal of items from a structure such as a dumpster.

b. Performance of work that requires the issuance of a permit under the State Building Code, other than repair or replacement of electrical components, gas logs, water heater, and similar individual items that are not part of new construction, reconstruction, or remodeling.

c. Installation of underground utilities, notwithstanding that charges for such are included in the gross receipts derived from services subject to the combined general rate under G.S. 105-164.4.

d. Installation of equipment or fixture that is attached to real property so that removal of the item would cause physical, functional, or economic damage to the property and that is capitalized for income tax purposes under one or more of the following: the Code, Generally Accepted Accounting Principles, or International Financial Reporting Standards.

e. Painting or wallpapering.
f. Replacement or installation of a roofing, septic tank, plumbing, electrical, commercial refrigeration, irrigation, sprinkler system, or other similar systems.

g. Replacement or installation of a heating, ventilation, and air conditioning unit or system.

h. Replacement or installation of roads, driveways, parking lots, and sidewalks.

i. Landscaping service.

(2) New construction. – Construction of or site preparation for a permanent new building, structure, or fixture on land or an increase in the square footage of an existing building, structure, or fixture on land.

(3) Reconstruction. – Rebuild or construct again a prior existing permanent building, structure, or fixture on land and may include a change in the square footage from the prior existing building, structure, or fixture on land.

(4) Remodeling. – The process of improving or updating a permanent building, structure, or fixture on land or major portions thereof. The term includes renovation.”

SECTION 38.5.(h) G.S. 105-164.4I(b) reads as rewritten:

"§ 105-164.4I. Service contracts.

... (b) Exemptions. – The tax imposed by this section does not apply to the sales price of or the gross receipts derived from a service contract applicable to any of the following items:

(1) An item exempt from tax under this Article. This exemption does not apply to water maintained under a service contract for a pool, fish tank, or similar aquatic feature.

... (6) A motor vehicle service contract.

(7) Repair, maintenance, and installation services exempt under G.S. 105-164.13(61a)."

SECTION 38.5.(i) G.S. 105-164.13 reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

... (61) A service contract for tangible personal property may be exempt as provided in G.S. 105-164.4I.

(61a) Repair, maintenance, and installation services provided for an item, other than a motor vehicle, for which a service contract on the item is exempt from tax under G.S. 105-164.4I. Repair, maintenance, and installation services provided for a motor vehicle are subject to tax, except as provided under subdivision (62a) of this subsection. Sales of or the gross receipts derived from the following repair, maintenance, and installation services are exempt from tax:

a. A fee or charge for an inspection required by law, regardless of whether the amount is paid to a public or private entity, provided the charge is separated stated on the invoice or other documentation provided to the purchaser at the time of the sale.

b. Services performed for a person by a related member.

c. Services performed to resolve an issue that was part of a real property contract if the services are performed within six months of completion of the real property contract or, for new construction,
within 12 months of the new structure being occupied for the first time.

d. Cleaning of real property, except where the service constitutes a part of the gross receipts derived from the rental of an accommodation subject to tax under G.S. 105-164.4 or for a pool, fish tank, or other similar aquatic feature.

e. Services on roads, driveways, parking lots, and sidewalks.

f. Removal of waste, trash, debris, grease, snow, and other similar items from tangible personal property, including a motor vehicle, and real property, but does not include removal of waste from portable toilets.

g. Home inspections related to the preparation for or the sale of real property.

h. Landscaping service.

i. Alteration and repair of clothing, except where the service constitutes a part of the gross receipts derived from the rental of clothing subject to tax under G.S. 105-164.4 or for alteration and repair of belts and shoes.

j. Pest control service.

k. Moving services.

l. Self-service car washes.

(61b) Repair, maintenance, and installation services—Tangible personal property, digital property, and services purchased for resale under an exemption certificate in accordance with G.S. 105-164.28 or under a direct pay certificate in accordance with G.S. 105-164.27A.

(61c) Installation charges that are a part of the sales price of tangible personal property purchased by a real property contractor to fulfill a real property contract for an item that is installed or applied to real property, provided the installation charges are separately stated and identified as such on the invoice or other documentation given to the real property contractor at the time of the sale.

(61d) Installation charges that are a part of the sales price of or gross receipts derived from repair, maintenance, and installation services or installation charges only purchased by a real property contractor to fulfill a real property contract, provided the installation charges are separately stated and identified as such on the invoice or other documentation given to the real property contractor at the time of the sale. The exemption also applies to installation charges by a retailer-contractor when performing a real property contract. The exemption includes any labor costs provided by the real property contractor, including employees' wages, or labor purchased from a third party that would otherwise be included in the definition of "purchase price."

(62) An item or repair, maintenance, and installation services used to maintain, monitor, inspect, or repair tangible personal property or digital property pursuant to a service contract taxable under this Article if the purchaser of the contract is not charged for the item or services. This exemption does not apply to an item or repair, maintenance, and installation services provided for a motor vehicle pursuant to a service contract exempt from tax under this Article unless the purchaser of the contract is not charged for the item or services. For purposes of this exemption, the term "item" does not include a tool, equipment, supply, or similar tangible personal property used to complete the maintenance or repair and that is not deemed to be a component or repair part of the tangible personal property or digital property for which a service contract is sold to a purchaser.
... (66) Storage of a motor vehicle, provided the charge is separately stated on the invoice or other documentation provided to the purchaser at the time of the sale.
(67) Towing services, provided the charge is separately stated on the invoice or other documentation provided to the purchaser at the time of the sale."

SECTION 38.5.(j) G.S. 105-164.13E(a) is amended by adding a new subdivision to read:
"(a) Exemption. – A qualifying farmer is a person who has an annual income from farming operations for the preceding taxable year of ten thousand dollars ($10,000) or more or who has an average annual income from farming operations for the three preceding taxable years of ten thousand dollars ($10,000) or more. For purposes of this section, the term "income from farming operations" means sales plus any other amounts treated as gross income under the Code from farming operations. A qualifying farmer includes a dairy operator, a poultry farmer, an egg producer, a livestock farmer, a farmer of crops, and a farmer of an aquatic species, as defined in G.S. 106-758. A qualifying farmer may apply to the Secretary for an exemption certificate number under G.S. 105-164.28A. The exemption certificate expires when a person fails to meet the income threshold for three consecutive taxable years or ceases to engage in farming operations, whichever comes first.

The following tangible personal property, digital property, and services are exempt from sales and use tax if purchased by a qualifying farmer and for use by the farmer in farming operations. For purposes of this section, an item is used by a farmer for farming operations if it is used for the planting, cultivating, harvesting, or curing of farm crops or in the production of dairy products, eggs, or animals:

... (10) Repair, maintenance, and installation services."

SECTION 38.5.(k) G.S. 105-187.5 reads as rewritten:
"§ 105-187.5. Alternate tax for those who rent or lease motor vehicles. (a) Election. – A retailer may elect not to pay the tax imposed by this Article at the rate set in G.S. 105-187.3 when applying for a certificate of title for a motor vehicle purchased by the retailer for lease or rental. A retailer who makes this election shall pay a tax on the gross receipts of the lease or rental of the vehicle. The portion of a lease or rental billing or payment that represents any amount applicable to the sales price of a service contract as defined in G.S. 105-164.3 should not be included in the gross receipts subject to the tax imposed by this Article. The charge should be separately stated on documentation given to the purchaser at the time the lease or rental agreement goes into effect, or on the monthly billing statement or other documentation given to the purchaser. Where a retailer fails to separately state any portion of a lease or rental billing or payment that represents an amount applicable to the sales price of a service contract, the amount is deemed to be part of the gross receipts of a lease or rental of a vehicle. When a lease or rental contract is sold to another retailer, the seller of the lease or rental contract should provide to the purchaser of the lease or rental contract the documentation showing that the service contract and applicable sales taxes were separately stated at the time the lease or rental went into effect and the new retailer must retain the information to support an allocation for tax computed on the gross receipts subject to highway use tax. Like the tax imposed by G.S. 105-187.3, this alternate tax is a tax on the privilege of using the highways of this State. The tax is imposed on a retailer, but is to be added to the lease or rental price of a motor vehicle and thereby be paid by the person who leases or rents the vehicle.

(b) Rate. – The tax rate on the gross receipts from the short-term lease or rental of a motor vehicle is eight percent (8%) and the tax rate on the gross receipts from the long-term lease or rental of a motor vehicle is three percent (3%). Gross receipts does not include the amount of any allowance given for a motor vehicle taken in trade as a partial payment on the lease or rental price. The maximum tax in G.S. 105-187.3(a) G.S. 105-187.3(a1) on certain...
motor vehicles applies to a continuous lease or rental of such a motor vehicle to the same person.

"SECTION 38.5.(l) The Department of Revenue must issue written guidance on the implementation of the sales tax changes imposed by this act by November 15, 2016.

SECTION 38.5.(m) G.S. 105-164.27A reads as rewritten:

"§ 105-164.27A. Direct pay permit.

(a) General. – A general direct pay permit authorizes its holder to purchase any certain tangible personal property, digital property, or service without paying tax to the seller and authorizes the seller to not collect any tax on a sale to the permit holder. A general direct pay permit may not be used for purposes identified in subsections (a1), (a2), (a3), or (b) of this section. A person who purchases an item under a direct pay permit issued under this subsection is liable for use tax due on the purchase. The tax is payable when the property is placed in use or the service is received. A direct pay permit issued under this subsection does not apply to taxes imposed under G.S. 105-164.4 on sales of electricity or the gross receipts derived from rentals of accommodations.

A person who purchases an item for storage, use, or consumption in this State whose tax status cannot be determined at the time of the purchase because of one of the reasons listed below may apply to the Secretary for a general direct pay permit:

1. The place of business where the item will be stored, used, or consumed is not known at the time of the purchase and a different tax consequence applies depending on where the item is used.

2. The manner in which the item will be stored, used, or consumed is not known at the time of the purchase and one or more of the potential uses is taxable but others are not taxable.

(a3) Boat and Aircraft. – A direct pay permit issued under this subsection authorizes its holder to purchase tangible personal property, digital property, or repair, maintenance, and installation services for a boat, an aircraft, or a qualified jet engine without paying tax to the seller and authorizes the seller to not collect any tax on the item or services from the permit holder. A person who purchases the property or services under a direct pay permit must file a return and pay the tax due to the Secretary by the end of the month following the month in which the property or services are purchased. A permit holder is allowed a use tax exemption on one or more of the following: (i) the installation charges that are a part of the sales price of tangible personal property or digital property purchased by the permit holder for a boat, an aircraft, or a qualified jet engine, provided the installation charges are separately stated and identified as such on the invoice or other documentation given to the permit holder at the time of the sale and (ii) the sales price of or gross receipts derived from repair, maintenance, and installation services provided for a boat, an aircraft, or a qualified jet engine. The amount of the use tax exemption is the amount of the installation charges and sales price of or gross receipts derived from the repair, maintenance, and installation services that exceed twenty-five thousand dollars ($25,000).

SECTION 38.5.(n) G.S. 105-467(b) reads as rewritten:

"(b) Exemptions and Refunds. – The State exemptions and exclusions contained in G.S. 105-164.13 and G.S. 105-164.27A apply to the local sales and use tax authorized to be levied and imposed under this Article. The State refund provisions contained in G.S. 105-164.14 through G.S. 105-164.14B apply to the local sales and use tax authorized to be levied and imposed under this Article. A refund of an excessive or erroneous State sales tax collection allowed under G.S. 105-164.11 and a refund of State sales tax paid on a rescinded sale or cancelled service contract under G.S. 105-164.11A apply to the local sales and use tax authorized to be levied and imposed under this Article. The aggregate annual local refund
amount allowed an entity under G.S. 105-164.14(b) for a fiscal year may not exceed thirteen million three hundred thousand dollars ($13,300,000).

Except as provided in this subsection, a taxing county may not allow an exemption, exclusion, or refund that is not allowed under the State sales and use tax. A local school administrative unit and a joint agency created by interlocal agreement among local school administrative units pursuant to G.S. 160A-462 to jointly purchase food service-related materials, supplies, and equipment on their behalf is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services. Sales and use tax liability indirectly incurred by the entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the entity and is being erected, altered, or repaired for use by the entity is considered a sales or use tax liability incurred on direct purchases by the entity for the purpose of this subsection. The refund allowed under this subsection does not apply to purchases of electricity, telecommunications service, ancillary service, piped natural gas, video programming, or a prepaid meal plan. A request for a refund is due in the same time and manner as provided in G.S. 105-164.14(c). Refunds applied for more than three years after the due date are barred.

SECTION 38.5.(o) G.S. 105-524(e) is repealed.

SECTION 38.5.(p) G.S. 105-164.13 is amended by adding the following new subdivision to read:

§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following tangible personal property, digital property, and services are specifically exempted from the tax imposed by this Article:

... (68) Sales of products that are made of more than seventy-five percent (75%) by weight of recycled materials when the products are sold for use in an accepted wastewater dispersal system as defined in G.S. 130A-343.

SECTION 38.5.(q) Subsections (d) through (k) of this section become effective January 1, 2017, and apply to sales made on or after that date. Subsections (m) and (n) of this section become effective July 1, 2016, and apply to purchases of repair, maintenance, and installation services purchased on or after that date. Subsection (o) of this section is effective for fiscal years beginning on or after July 1, 2016. Subsection (p) of this section becomes effective October 1, 2016, and applies to sales made on or after that date. The remainder of this section is effective when it becomes law and subsection (c) of this section applies retroactively to January 1, 2015.

PROPERTY TAX EXCLUSION EXTENSION

SECTION 38.6.(a) Section 2 of S.L. 2011-123 reads as rewritten:

"SECTION 2. This act is effective for taxes imposed for taxable years beginning on or after July 1, 2011, and expires for taxes imposed for taxable years beginning on or after July 1, 2021."

SECTION 38.6.(b) This section is effective when it becomes law.

PART XXXIX. MISCELLANEOUS PROVISIONS

STATE BUDGET ACT APPLIES

SECTION 39.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 39.2.(a) The Joint Conference Committee Report on the Base, Capital and Expansion Budgets for House Bill 1030, dated June 27, 2016, which was distributed in the
House of Representatives and the Senate 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, and 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 39.2.(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 2016-2017 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).

SECTION 39.2.(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.

SECTION 39.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

1. Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.

2. Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 39.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2015 Regular Session of the General Assembly in 2016. The report shall be in the form of a revision of the Committee Report adopted for House Bill 1030 pursuant to G.S. 143C-5-5 and shall include all modifications made to the 2016-2017 budget prior to sine die adjournment of the 2015 Regular Session. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's Internet Web site for public access.

MOST TEXT APPLIES ONLY TO THE 2016-2017 FISCAL YEAR

SECTION 39.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2016-2017 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2016-2017 fiscal year.

EFFECT OF HEADINGS

SECTION 39.5. 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.

APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY


SEVERABILITY CLAUSE

SECTION 39.7. 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 39.8. Except as otherwise provided, this act becomes effective July 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

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AN ACT TO (1) REQUIRE A COAL COMBUSTION RESIDUALS IMPOUNDMENT OWNER TO PROVIDE PERMANENT ALTERNATIVE WATER SUPPLIES FOR RESIDENTS IN AREAS SURROUNDING COAL COMBUSTION RESIDUALS SURFACE IMPOUNDMENTS; (2) REPEAL STATUTORY PROVISIONS RELATED TO THE COAL ASH MANAGEMENT COMMISSION; (3) MODIFY THE CLOSURE REQUIREMENTS FOR COAL COMBUSTION RESIDUALS SURFACE IMPOUNDMENTS UNDER THE COAL ASH MANAGEMENT ACT OF 2014; AND (4) MODIFY APPOINTMENTS TO THE MINING COMMISSION AND THE OIL AND GAS COMMISSION.

The General Assembly of North Carolina enacts:

SECTION 1. Part 2I of Article 9 of Chapter 130A of the General Statutes reads as rewritten:

"Part 2I. Coal Ash Management.

Subpart 1. Short Title, Definitions, and General Provisions.

§ 130A-309.200. Title.

This Part may be cited as the "Coal Ash Management Act of 2014."

§ 130A-309.201. Definitions.

Unless a different meaning is required by the context, the definitions of G.S. 130A-290 and the following definitions apply throughout this Part:

(1) "Beneficial and beneficial use" means projects promoting public health and environmental protection, offering equivalent success relative to other alternatives, and preserving natural resources.

(2) "Boiler slag" means the molten bottom ash collected at the base of slag tap and cyclone type furnaces that is quenched with water. It is made up of hard, black, angular particles that have a smooth, glassy appearance.

(3) "Bottom ash" means the agglomerated, angular ash particles formed in pulverized coal furnaces that are too large to be carried in the flue gases and collect on the furnace walls or fall through open grates to an ash hopper at the bottom of the furnace.

(4) "Coal combustion products" it means fly ash, bottom ash, boiler slag, or flue gas desulfurization materials that are beneficially used, including use for structural fill.

(5) "Coal combustion residuals" has the same meaning as defined in G.S. 130A-290.

(6) "Coal combustion residuals surface impoundment" means a topographic depression, excavation, or diked area that is (i) primarily formed from earthen materials; (ii) without a base liner approved for use by Article 9 of Chapter 130A of the General Statutes or rules adopted thereunder for a combustion products landfill or coal combustion residuals landfill, industrial
landfill, or municipal solid waste landfill; and (iii) designed to hold accumulated coal combustion residuals in the form of liquid wastes, wastes containing free liquids, or sludges, and that is not backfilled or otherwise covered during periods of deposition. "Coal combustion residuals surface impoundment" shall only include impoundments owned by a public utility, as defined in G.S. 62-3. "Coal combustion residuals surface impoundment" includes all of the following:

a. An impoundment that is dry due to the deposited liquid having evaporated, volatilized, or leached.

b. An impoundment that is wet with exposed liquid.

c. Lagoons, ponds, aeration pits, settling ponds, tailings ponds, and sludge pits, when these structures are designed to hold accumulated coal combustion residuals.

d. A coal combustion residuals surface impoundment that has been covered with soil or other material after the final deposition of coal combustion residuals at the impoundment.

(17) "Commission" means the Coal Ash Management Commission.

(8) "Flue gas desulfurization material" means the material produced through a process used to reduce sulfur dioxide emissions from the exhaust gas system of a coal-fired boiler. The physical nature of these materials varies from a wet sludge to a dry powdered material, depending on the process, and their composition comprises either sulfites, sulfates, or a mixture thereof.

(19) "Fly ash" means the very fine, powdery material, composed mostly of silica with nearly all particles spherical in shape, which is a product of burning finely ground coal in a boiler to produce electricity and is removed from the plant exhaust gases by air emission control devices.

(10) "Minerals" means soil, clay, coal, phosphate, metallic ore, and any other solid material or substance of commercial value found in natural deposits on or in the earth.

(11) "Open pit mine" means an excavation made at the surface of the ground for the purpose of extracting minerals, inorganic and organic, from their natural deposits, which excavation is open to the surface.

(12) "Owner" or "owner of a coal combustion residuals surface impoundment" means a public utility, as defined in G.S. 62-3, that owns a coal combustion residuals surface impoundment.

(13) "Receptor" means any human, plant, animal, or structure which is, or has the potential to be, affected by the release or migration of contaminants. Any well constructed for the purpose of monitoring groundwater and contaminant concentrations shall not be considered a receptor.

(14) "Structural fill" means an engineered fill with a projected beneficial end use constructed using coal combustion products that are properly placed and compacted. For purposes of this Part, the term includes fill used to reclaim open pit mines and for embankments, greenscapes, foundations, construction foundations, and for bases or sub-bases under a structure or a footprint of a paved road, parking lot, sidewalk, walkway, or similar structure.

(15) "Use or reuse of coal combustion products" means the procedure whereby coal combustion products are directly used as either of the following:

a. As an ingredient in an industrial process to make a product, unless distinct components of the coal combustion products are recovered as separate end products.

b. In a function or application as an effective substitute for a commercial product or natural resource.

(a) Creation.—In recognition of the complexity and magnitude of the issues associated with the management of coal combustion residuals and the proper closure and remediation of coal combustion residuals surface impoundments, the Coal Ash Management Commission is hereby established.

(b) Membership.—The Commission shall consist of nine members as follows:

(1) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121 who shall at the time of appointment be a resident of the State.

(2) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121 who shall at the time of appointment have special training or scientific expertise in waste management, including solid waste disposal, hauling, or beneficial use.

(3) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121 who shall at the time of appointment be a licensed physician or a person with experience in public health.

(4) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121 who shall at the time of appointment be a member of a nongovernmental conservation interest.

(5) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121 who shall at the time of appointment have special training or scientific expertise in waste management, including solid waste disposal, hauling, or beneficial use, or is a representative of or on the faculty of a State college or university that conducts coal ash research.

(6) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121 who shall at the time of appointment be a representative of an electric membership corporation organized under Article 2 of Chapter 117 of the General Statutes and have a background in power supply resource planning and engineering.

(7) One appointed by the Governor who shall at the time of appointment have experience in economic development.

(8) One appointed by the Governor who shall at the time of appointment have expertise in determining and evaluating the costs associated with electricity generation and establishing the rates associated with electricity consumption.

(9) One appointed by the Governor who shall at the time of appointment be a person with experience in science or engineering in the manufacturing sector.

(c) Chair.—The Governor shall appoint the Chair of the Commission from among the Commission’s members, and that person shall serve at the pleasure of the Governor. The Chair shall serve two-year terms. The Governor shall make:

(1) The initial appointment of the Chair no later than October 1, 2014. If the initial appointment is not made by that date, the Chair shall be elected by a vote of the membership.

(2) Appointments of subsequent Chair, including appointments to fill a vacancy of the Chair created by resignation, dismissal, death, or disability of the Chair, no later than 30 days after the last day of the previous Chair’s term. If an appointment of a subsequent Chair is not made by that date, the Chair shall be elected by a vote of the membership.
Vacancies. — Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term. The Governor may reappoint a gubernatorial appointee of the Commission to an additional term if, at the time of the reappointment, the member qualifies for membership on the Commission under subdivisions (7) through (9) of subsection (b) of this section. Appointments by the General Assembly shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122.

Removal. — The Governor shall have the power to remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13 of the Executive Organization Act of 1973.

Powers and Duties. — The Commission shall have all of the following powers and duties:

1. To review and approve the classification of coal combustion residuals surface impoundments required by G.S. 130A-309.213.
2. To review and approve Coal Combustion Residuals Surface Impoundment Closure Plans as provided in G.S. 130A-309.214.
3. To review and make recommendations on the provisions of this Part and other statutes and rules related to the management of coal combustion residuals.
4. To undertake any additional studies as requested by the General Assembly.

Reimbursement. — The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

Quorum. — Five members of the Commission shall constitute a quorum for the transaction of business.

Staff. — The Commission is authorized and empowered to employ staff as the Commission may determine to be necessary for the proper discharge of the Commission's duties and responsibilities. The Chair of the Commission shall organize and direct the work of the Commission staff. The salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State agencies. The Chair, within allowed budgetary limits and as allowed by law, shall authorize and approve travel, subsistence, and related expenses of such personnel incurred while traveling on official business. All State agencies, including the constituent institutions of The University of North Carolina, shall provide information and support to the Commission upon request.

Repealed by Session Laws 2015-9, s. 1.1, effective April 27, 2015.

Covered Persons; Conflicts of Interest; Disclosure. — All members of the Commission are covered persons for the purposes of Chapter 138A of the General Statutes, the State Government Ethics Act. As covered persons, members of the Commission shall comply with the applicable requirements of the State Government Ethics Act, including mandatory training, the public disclosure of economic interests, and ethical standards for covered persons. Members of the Commission shall comply with the provisions of the State Government Ethics Act to avoid conflicts of interest. The Governor may require additional disclosure of potential conflicts of interest by members. The Governor may promulgate criteria regarding conflicts of interest and disclosure thereof for determining the eligibility of persons under this subsection, giving due regard to the requirements of federal legislation, and, for this purpose, may promulgate rules, regulations, or guidelines in conformance with those established by any federal agency interpreting and applying provisions of federal law.

Meetings. — The Commission shall meet at least once every two months and may hold special meetings at any time and place within the State at the call of the Chair or upon the written request of at least five members.

Reports. — The Commission shall submit quarterly written reports as to its operation, activities, programs, and progress to the Environmental Review Commission. The Commission shall supplement the written reports required by this subsection with additional written and oral
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reports as may be requested by the Environmental Review Commission. The Commission shall submit the written reports required by this subsection whether or not the General Assembly is in session at the time the report is due.

(a) Administrative Location; Independence. The Commission shall be administratively located in the Division of Emergency Management of the Department of Public Safety. The Commission shall exercise all of its powers and duties independently and shall not be subject to the supervision, direction, or control of the Division or Department.

(b) Terms of Members. Members of the Commission shall serve terms of six years, beginning effective July 1 of the year of appointment.

§ 130A-309.203. Expedited permit review.

(a) The Department shall act as expeditiously as practicable, but no later than the deadlines established under subsection (b) of this section, except in compliance with subsection (c) of this section, to issue all permits necessary to conduct activities required by this Part.

(b) Notwithstanding G.S. 130A-295.8(e), the Department shall determine whether an application for any permit necessary to conduct activities required by this Part is complete within 30 days after the Department receives the application for the permit. A determination of completeness means that the application includes all required components but does not mean that the required components provide all of the information that is required for the Department to make a decision on the application. If the Department determines that an application is not complete, the Department shall notify the applicant of the components needed to complete the application. An applicant may submit additional information to the Department to cure the deficiencies in the application. The Department shall make a final determination as to whether the application is complete within the later of (i) 30 days after the Department receives the application for the permit less the number of days that the applicant uses to provide the additional information or (ii) 10 days after the Department receives the additional information from the applicant. The Department shall issue a draft permit decision on an application for a permit within 90 days after the Department determines that the application is complete. The Department shall hold a public hearing and accept written comment on the draft permit decision for a period of not less than 30 days or more than 60 days prior to issuance or denial of such a permit. If the Department fails to act within any time period set out in this subsection, the applicant may treat the failure to act as a denial of the permit and may challenge the denial as provided in Chapter 150B of the General Statutes.

(c) If the Department finds that compliance with the deadlines established under subsection (b) of this section would result in insufficient review of a permit application that would pose a risk to public health, safety, and welfare; the environment; or natural resources, the applicable deadline shall be waived for the application as necessary to allow for adequate review. If a deadline is waived pursuant to this subsection, the Secretary shall issue a written declaration, including findings of fact, documenting the need for the waiver.

(d) Notwithstanding any other provision of this section or any other provision of law, the Department shall either issue or deny a permit required for dewatering of a retired impoundment within 90 days of receipt of a completed application, in such a form and including such information as the Department may prescribe, for the dewatering activities. The Department shall accept written comment on a draft permit decision for a period of not less than 30 days or more than 60 days prior to issuance or denial of such a permit. If the Department fails to act within any time period set out in this subsection, the applicant may treat the failure to act as a denial of the permit and may challenge the denial as provided in Chapter 150B of the General Statutes.

§ 130A-309.204. Reports.

(a) The Department shall submit quarterly written reports to the Environmental Review Commission and the Coal Ash Management Commission on its operations, activities, programs, and progress with respect to its obligations under this Part concerning all coal
combustion residuals surface impoundments. At a minimum, the report shall include information concerning the status of assessment, corrective action, prioritization, and closure for each coal combustion residuals surface impoundment and information on costs connected therewith. The report shall include an executive summary of each annual Groundwater Protection and Restoration Report submitted to the Department by the operator of any coal combustion residuals surface impoundments pursuant to G.S. 130A-309.211(d) and a summary of all groundwater sampling, protection, and restoration activities related to the impoundment for the preceding year. The report shall also include an executive summary of each annual Surface Water Protection and Restoration Report submitted to the Department by the operator of any coal combustion residuals surface impoundments pursuant to G.S. 130A-309.212(e) and a summary of all surface water sampling, protection, and restoration activities related to the impoundment for the preceding year, including the status of the identification, assessment, and correction of unpermitted discharges from coal combustion residuals surface impoundments to the surface waters of the State. The Department shall supplement the written reports required by this subsection with additional written and oral reports as may be requested by the Environmental Review Commission. The Department shall submit the written reports required by this subsection whether or not the General Assembly is in session at the time the report is due.

(b) On or before October 1 of each year, the Department shall report to each member of the General Assembly who has a coal combustion residuals surface impoundment in the member's district. This report shall include the location of each impoundment in the member's district, the amount of coal combustion residuals known or believed to be located in the impoundment, the last action taken at the impoundment, and the date of that last action.

(c) On or before October 1 of each year, a public utility generating coal combustion residuals and coal combustion products shall submit an annual summary to the Department. The annual summary shall be for the period of July 1 through June 30 and shall include all of the following:

1. The volume of coal combustion residuals and products produced.
2. The volume of coal combustion residuals disposed.
3. The volume of coal combustion products used in structural fill projects.
4. The volume of coal combustion products beneficially used, other than for structural fill.

§ 130A-309.205. Local ordinances regulating management of coal combustion residuals and coal combustion products invalid; petition to preempt local ordinance.

(a) It is the intent of the General Assembly to maintain a uniform system for the management of coal combustion residuals and coal combustion products, including matters of disposal and beneficial use, and to place limitations upon the exercise by all units of local government in North Carolina of the power to regulate the management of coal combustion residuals and coal combustion products by means of ordinances, property restrictions, zoning regulations, or otherwise. Notwithstanding any authority granted to counties, municipalities, or other local authorities to adopt local ordinances, including those imposing taxes, fees, or charges or regulating health, environment, or land use, all provisions of local ordinances, including those regulating land use, adopted by counties, municipalities, or other local authorities that regulate or have the effect of regulating the management of coal combustion residuals and coal combustion products, including regulation of carbon burn-out plants, within the jurisdiction of a local government are invalidated and unenforceable, to the extent necessary to effectuate the purposes of this Part, that do the following:

1. Place any restriction or condition not placed by this Part upon management of coal combustion residuals or coal combustion products within any county, city, or other political subdivision.
2. Conflict or are in any manner inconsistent with the provisions of this Part.

(a1) As used in this section, "Commission" means the Environmental Management Commission.
(b) If a local zoning or land-use ordinance imposes requirements, restrictions, or conditions that are generally applicable to development, including, but not limited to, setback, buffer, and stormwater requirements, and coal combustion residuals and coal combustion products would be regulated under the ordinance of general applicability, the operator of the proposed activities may petition the Environmental Management Commission to review the matter. After receipt of a petition, the Commission shall hold a hearing in accordance with the procedures in subsection (c) of this section and shall determine whether or to what extent to preempt the local ordinance to allow for the management of coal combustion residuals and coal combustion products.

(c) When a petition described in subsection (b) of this section has been filed with the Environmental Management Commission, the Commission shall hold a public hearing to consider the petition. The public hearing shall be held in the affected locality within 60 days after receipt of the petition by the Commission. The Commission shall give notice of the public hearing by both of the following means:

(1) Publication in a newspaper or newspapers having general circulation in the county or counties where the activities are to be conducted, once a week for three consecutive weeks, the first notice appearing at least 30 days prior to the scheduled date of the hearing.

(2) First-class mail to persons who have requested notice. The Commission shall maintain a mailing list of persons who request notice in advance of the hearing pursuant to this section. Notice by mail shall be complete upon deposit of a copy of the notice in a postage-paid wrapper addressed to the person to be notified at the address that appears on the mailing list maintained by the Commission in a post office or official depository under the exclusive care and custody of the United States Postal Service.

(d) Any interested person may appear before the Environmental Management Commission at the hearing to offer testimony. In addition to testimony before the Commission, any interested person may submit written evidence to the Commission for the Commission's consideration. At least 20 days shall be allowed for receipt of written comment following the hearing.

(e) A local zoning or land-use ordinance is presumed to be valid and enforceable to the extent the zoning or land-use ordinance imposes requirements, restrictions, or conditions that are generally applicable to development, including, but not limited to, setback, buffer, and stormwater requirements, unless the Environmental Management Commission makes a finding of fact to the contrary. The Commission shall determine whether or to what extent to preempt local ordinances so as to allow the project involving management of coal combustion residuals and coal combustion products no later than 60 days after conclusion of the hearing. The Commission shall preempt a local ordinance only if the Commission makes all of the following findings:

(1) That there is a local ordinance that would regulate the management of coal combustion residuals and coal combustion products.

(2) That all legally required State and federal permits or approvals have been issued by the appropriate State and federal agencies or that all State and federal permit requirements have been satisfied and that the permits or approvals have been denied or withheld only because of the local ordinance.

(3) That local citizens and elected officials have had adequate opportunity to participate in the permitting process.

(4) That the project involving management of coal combustion residuals and coal combustion products will not pose an unreasonable health or environmental risk to the surrounding locality and that the operator has taken or consented to take reasonable measures to avoid or manage foreseeable risks and to comply to the maximum feasible extent with applicable local ordinances.

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(f) If the Environmental Management Commission does not make all of the findings under subsection (e) of this section, the Commission shall not preempt the challenged local ordinance. The Commission's decision shall be in writing and shall identify the evidence submitted to the Commission plus any additional evidence used in arriving at the decision.

(g) The decision of the Environmental Management Commission shall be final, unless a party to the action files a written appeal under Article 3 of Chapter 150B of the General Statutes, as modified by this section, within 30 days of the date of the decision. The record on appeal shall consist of all materials and information submitted to or considered by the Commission, the Commission's written decision, a complete transcript of the hearing, the specific findings required by subsection (e) of this section, and any minority positions on the specific findings required by subsection (e) of this section. The scope of judicial review shall be as set forth in G.S. 150B-51, except as this subsection provides regarding the record on appeal.

(h) If the court reverses or modifies the decision of the Environmental Management Commission, the judge shall set out in writing, which writing shall become part of the record, the reasons for the reversal or modification.

(i) In computing any period of time prescribed or allowed by the procedure in this section, the provisions of Rule 6(a) of the Rules of Civil Procedure, G.S. 1A-1, shall apply.

§ 130A-309.206. Federal preemption; severability.

The provisions of this Part shall be severable, and if any phrase, clause, sentence, or provision is declared to be unconstitutional or otherwise invalid or is preempted by federal law or regulation, the validity of the remainder of this Part shall not be affected thereby.

§ 130A-309.207. General rule making for Part.

The Environmental Management Commission shall adopt rules as necessary to implement the provisions of the Part. Such rules shall be exempt from the requirements of G.S. 150B-19.3.

§ 130A-309.208: Reserved for future codification purposes.

§ 130A-309.209: Reserved for future codification purposes.

"Subpart 2. Management of Coal Ash Residuals; Closure of Coal Ash Impoundments.


(a) On or after October 1, 2014, the construction of new and expansion of existing coal combustion residuals surface impoundments is prohibited.

(b) On or after October 1, 2014, the disposal of coal combustion residuals into a coal combustion residuals surface impoundment at an electric generating facility where the coal-fired generating units are no longer producing coal combustion residuals is prohibited.

(c) On or after December 31, 2018, the discharge of stormwater into a coal combustion surface impoundment at an electric generating facility where the coal-fired generating units are no longer producing coal combustion residuals is prohibited.

(d) On or after December 31, 2019, the discharge of stormwater into a coal combustion surface impoundment at an electric generating facility where the coal-fired generating units are actively producing coal combustion residuals is prohibited.

(e) On or before December 31, 2018, all electric generating facilities owned by a public utility shall convert to the disposal of "dry" fly ash or the facility shall be retired. For purposes of this subsection, the term "dry" means coal combustion residuals that are not in the form of liquid wastes, wastes containing free liquids, or sludges.

(f) On or before December 31, 2019, all electric generating facilities owned by a public utility shall convert to the disposal of "dry" bottom ash or the facility shall be retired. For purposes of this subsection, the term "dry" means coal combustion residuals that are not in the form of liquid wastes, wastes containing free liquids, or sludges.

§ 130A-309.211. Groundwater assessment and corrective action; drinking water supply well survey and provision of alternate water supply; reporting.

(a) Groundwater Assessment of Coal Combustion Residuals Surface Impoundments. – The owner of a coal combustion residuals surface impoundment shall conduct groundwater monitoring and assessment as provided in this subsection. The requirements for groundwater monitoring and assessment set out in this subsection are in addition to any other groundwater
monitoring and assessment requirements applicable to the owners of coal combustion residuals surface impoundments:

(1) No later than December 31, 2014, the owner of a coal combustion residuals surface impoundment shall submit a proposed Groundwater Assessment Plan for the impoundment to the Department for its review and approval. The Groundwater Assessment Plan shall, at a minimum, provide for all of the following:
   a. A description of all receptors and significant exposure pathways.
   b. An assessment of the horizontal and vertical extent of soil and groundwater contamination for all contaminants confirmed to be present in groundwater in exceedance of groundwater quality standards.
   c. A description of all significant factors affecting movement and transport of contaminants.
   d. A description of the geological and hydrogeological features influencing the chemical and physical character of the contaminants.
   e. A schedule for continued groundwater monitoring.
   f. Any other information related to groundwater assessment required by the Department.

(2) The Department shall approve the Groundwater Assessment Plan if it determines that the Plan complies with the requirements of this subsection and will be sufficient to protect public health, safety, and welfare; the environment; and natural resources.

(3) No later than 10 days from approval of the Groundwater Assessment Plan, the owner shall begin implementation of the Plan.

(4) No later than 180 days from approval of the Groundwater Assessment Plan, the owner shall submit a Groundwater Assessment Report to the Department. The Report shall describe all exceedances of groundwater quality standards associated with the impoundment.

(b) Corrective Action for the Restoration of Groundwater Quality. – The owner of a coal combustion residuals surface impoundment shall implement corrective action for the restoration of groundwater quality as provided in this subsection. The requirements for corrective action for the restoration of groundwater quality set out in this subsection are in addition to any other corrective action for the restoration of groundwater quality requirements applicable to the owners of coal combustion residuals surface impoundments:

(1) No later than 90 days from submission of the Groundwater Assessment Report required by subsection (a) of this section, or a time frame otherwise approved by the Department not to exceed 180 days from submission of the Groundwater Assessment Report, the owner of the coal combustion residuals surface impoundment shall submit a proposed Groundwater Corrective Action Plan to the Department for its review and approval. The Groundwater Corrective Action Plan shall provide for the restoration of groundwater in conformance with the requirements of Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code. The Groundwater Corrective Action Plan shall include, at a minimum, all of the following:
   a. A description of all exceedances of the groundwater quality standards, including any exceedances that the owner asserts are the result of natural background conditions.
   b. A description of the methods for restoring groundwater in conformance with the requirements of Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code and a detailed explanation of the reasons for selecting these methods.
c. Specific plans, including engineering details, for restoring groundwater quality.
d. A schedule for implementation of the Plan.
e. A monitoring plan for evaluating the effectiveness of the proposed corrective action and detecting movement of any contaminant plumes.
f. Any other information related to groundwater assessment required by the Department.

(2) The Department shall approve the Groundwater Corrective Action Plan if it determines that the Plan complies with the requirements of this subsection and will be sufficient to protect public health, safety, and welfare; the environment; and natural resources.

(3) No later than 30 days from the approval of the Groundwater Corrective Action Plan, the owner shall begin implementation of the Plan in accordance with the Plan's schedule.

(c) Drinking Water Supply Well Survey and Provision of Alternate Water Supply. – No later than October 1, 2014, the owner of a coal combustion residuals surface impoundment shall conduct a Drinking Water Supply Well Survey that identifies all drinking water supply wells within one-half mile down-gradient from the established compliance boundary of the impoundment and submit the Survey to the Department. The Survey shall include well locations, the nature of water uses, available well construction details, and information regarding ownership of the wells. No later than December 1, 2014, the Department shall determine, based on the Survey, which drinking water supply wells the owner is required to sample and how frequently and for what period sampling is required. The Department shall require sampling for drinking water supply wells where data regarding groundwater quality and flow and depth in the area of any surveyed well provide a reasonable basis to predict that the quality of water from the surveyed well may be adversely impacted by constituents associated with the presence of the impoundment. No later than January 1, 2015, the owner shall initiate sampling and water quality analysis of the drinking water supply wells. A property owner may elect to have an independent third party selected from a laboratory certified by the Department's Wastewater/Groundwater Laboratory Certification program sample wells located on their property in lieu of sampling conducted by the owner of the coal combustion residuals surface impoundment. The owner of the coal combustion residuals surface impoundment shall pay for the reasonable costs of such sampling. Nothing in this subsection shall be construed to preclude or impair the right of any property owner to refuse such sampling of wells on their property. If the sampling and water quality analysis indicates that water from a drinking water supply well exceeds groundwater quality standards for constituents associated with the presence of the impoundment, the owner shall replace the contaminated drinking water supply well with an alternate supply of potable drinking water and an alternate supply of water that is safe for other household uses. The alternate supply of potable drinking water shall be supplied within 24 hours of the Department's determination that there is an exceedance of groundwater quality standards attributable to constituents associated with the presence of the impoundment. The alternate supply of water that is safe for other household uses shall be supplied within 30 days of the Department's determination that there is an exceedance of groundwater quality standards attributable to constituents associated with the presence of the impoundment. The requirement to replace a contaminated drinking water supply well with an alternate supply of potable drinking water and an alternate supply of water that is safe for other household uses is in addition to any other requirements to replace a contaminated drinking water supply well with an alternate supply of potable drinking water or an alternate supply of water that is safe for other household uses applicable to the owners of coal combustion residuals surface impoundments.

(c1) Provision of Permanent Water Supply. – As soon as practicable, but no later than October 15, 2018, the owner of a coal combustion residuals surface impoundment shall
establish permanent replacement water supplies for (i) each household that has a drinking water supply well located within a one-half mile radius from the established compliance boundary of a coal combustion residuals impoundment, and is not separated from the impoundment by the mainstem of a river, as that term is defined under G.S. 143-215.22G, or other body of water that would prevent the migration of contaminants through groundwater from the impoundment to a well and (ii) each household that has a drinking water supply well that is located in an area in which contamination resulting from constituents associated with the presence of a coal combustion residuals impoundment is expected to migrate, as demonstrated by groundwater modeling and hydrogeologic, geologic, and geotechnical investigations of the site, conducted in accordance with the requirements of G.S. 130A-309.214(a)(4), and the results of other modeling or investigations that may have been submitted pursuant to G.S. 130A-309.213(b)(4). Preference shall be given to permanent replacement water supplies by connection to public water supplies; provided that (i) a household may elect to receive a filtration system in lieu of a connection to public water supplies and (ii) if the Department determines that connection to a public water supply to a particular household would be cost-prohibitive, the Department shall authorize provision of a permanent replacement water supply to that household through installation of a filtration system. For households for which filtration systems are installed, the impoundment owner shall be responsible for periodic required maintenance of the filtration system. No later than December 15, 2016, an impoundment owner shall submit information on permanent replacement water supplies proposed to be provided to each household to the Department, including, at a minimum, the type of permanent water supply proposed; the location of the household and its proximity to the nearest connection point to a public water supply; projected cost of the permanent water supply option proposed for the household; and any proposal to connect to a public water supply. The Department shall evaluate information submitted by the impoundment owner and render a final decision to approve or disapprove the plan, including written findings of fact, no later than January 15, 2017. If disapproved, an impoundment owner shall resubmit a plan for the Department's approval within 30 days. No later than April 15, 2017, an impoundment owner shall notify all residents identified in the approved plan of their eligibility for establishment of a permanent water supply. Until such time as an impoundment owner has established a permanent water supply for each household required by this subsection, the impoundment owner shall supply the household with an alternate supply of potable drinking water and an alternate supply of water that is safe for other household uses. Nothing in this section shall be construed to (i) require an eligible household to connect to a public water supply or receive a filtration system or (ii) obviate the need for other federal, State, and local permits and approvals. All State entities and local governments shall expedite any permits and approvals required for such projects. The Department may grant an impoundment owner an extension of time, not to exceed one year, to establish permanent water supplies as required by this section, if the Department determines that it is infeasible for the impoundment owner to establish a permanent water supply for a household by October 15, 2018, based on limitations arising from local government resources, including limitations on water supply capacity and staffing limitations for permitting and construction activities.

(d) Reporting. – In addition to any other reporting required by the Department, the owner of a coal combustion residuals surface impoundment shall submit an annual Groundwater Protection and Restoration Report to the Department no later than January 31 of each year. The Report shall include a summary of all groundwater monitoring, protection, and restoration activities related to the impoundment for the preceding year, including the status of the Groundwater Assessment Plan, the Groundwater Assessment Report, the Groundwater Corrective Action Plan, the Drinking Water Supply Well Survey, and the replacement of any contaminated drinking water supply wells. The owner of a coal combustion residuals surface impoundment shall also submit all information required to be submitted to the Department pursuant to this section to the Coal Ash Management Commission.
§ 130A-309.212. Identification and assessment of discharges; correction of unpermitted discharges.

(a) Identification of Discharges from Coal Combustion Residuals Surface Impoundments. –

(1) The owner of a coal combustion residuals surface impoundment shall identify all discharges from the impoundment as provided in this subsection. The requirements for identifying all discharges from an impoundment set out in this subsection are in addition to any other requirements for identifying discharges applicable to the owners of coal combustion residuals surface impoundments.

(2) No later than December 31, 2014, the owner of a coal combustion residuals surface impoundment shall submit a topographic map that identifies the location of all (i) outfalls from engineered channels designed or improved for the purpose of collecting water from the toe of the impoundment and (ii) seeps and weeps discharging from the impoundment that are not captured by engineered channels designed or improved for the purpose of collecting water from the toe of the impoundment to the Department. The topographic map shall comply with all of the following:
   a. Be at a scale as required by the Department.
   b. Specify the latitude and longitude of each toe drain outfall, seep, and weep.
   c. Specify whether the discharge from each toe drain outfall, seep, and weep is continuous or intermittent.
   d. Provide an average flow measurement of the discharge from each toe drain outfall, seep, and weep including a description of the method used to measure average flow.
   e. Specify whether the discharge from each toe drain outfall, seep, and weep identified reaches the surface waters of the State. If the discharge from a toe drain outfall, seep, or weep reaches the surface waters of the State, the map shall specify the latitude and longitude of where the discharge reaches the surface waters of the State.
   f. Include any other information related to the topographic map required by the Department.

(b) Assessment of Discharges from Coal Combustion Residuals Surface Impoundments to the Surface Waters of the State. – The owner of a coal combustion residuals surface impoundment shall conduct an assessment of discharges from the coal combustion residuals surface impoundment to the surface waters of the State as provided in this subsection. The requirements for assessment of discharges from the coal combustion residuals surface impoundment to the surface waters of the State set out in this subsection are in addition to any other requirements for the assessment of discharges from coal combustion residuals surface impoundments to surface waters of the State applicable to the owners of coal combustion residuals surface impoundments:

(1) No later than December 31, 2014, the owner of a coal combustion residuals surface impoundment shall submit a proposed Discharge Assessment Plan to the Department. The Discharge Assessment Plan shall include information sufficient to allow the Department to determine whether any discharge, including a discharge from a toe drain outfall, seep, or weep, has reached the surface waters of the State and has caused a violation of surface water quality standards. The Discharge Assessment Plan shall include, at a minimum, all of the following:
   a. Upstream and downstream sampling locations within all channels that could potentially carry a discharge.
b. A description of the surface water quality analyses that will be performed.
c. A sampling schedule, including the frequency and duration of sampling activities.
d. Reporting requirements.
e. Any other information related to the assessment of discharges required by the Department.

(2) The Department shall approve the Discharge Assessment Plan if it determines that the Plan complies with the requirements of this subsection and will be sufficient to protect public health, safety, and welfare; the environment; and natural resources.

(3) No later than 30 days from the approval of the Discharge Assessment Plan, the owner shall begin implementation of the Plan in accordance with the Plan's schedule.

(c) Corrective Action to Prevent Unpermitted Discharges from Coal Combustion Residuals Surface Impoundments to the Surface Waters of the State. – The owner of a coal combustion residuals surface impoundment shall implement corrective action to prevent unpermitted discharges from the coal combustion residuals surface impoundment to the surface waters of the State as provided in this subsection. The requirements for corrective action to prevent unpermitted discharges from coal combustion residuals surface impoundments to the surface waters of the State set out in this subsection are in addition to any other requirements for corrective action to prevent unpermitted discharges from coal combustion residuals surface impoundments to the surface waters of the State applicable to the owners of coal combustion residuals surface impoundments:

(1) If the Department determines, based on information provided pursuant to subsection (a) or (b) of this section, that an unpermitted discharge from a coal combustion residuals surface impoundment, including an unpermitted discharge from a toe drain outfall, seep, or weep, has reached the surface waters of the State, the Department shall notify the owner of the impoundment of its determination.

(2) No later than 30 days from a notification pursuant to subdivision (1) of this subsection, the owner of the coal combustion residuals surface impoundment shall submit a proposed Unpermitted Discharge Corrective Action Plan to the Department for its review and approval. The proposed Unpermitted Discharge Corrective Action Plan shall include, at a minimum, all of the following:

a. One of the following methods of proposed corrective action:
   1. Elimination of the unpermitted discharge.
   2. Application for a National Pollutant Discharge Elimination System (NPDES) permit amendment pursuant to G.S. 143-215.1 and Subchapter H of Chapter 2 of Title 15A of the North Carolina Administrative Code to bring the unpermitted discharge under permit regulations.

b. A detailed explanation of the reasons for selecting the method of corrective action.

c. Specific plans, including engineering details, to prevent the unpermitted discharge.

d. A schedule for implementation of the Plan.

e. A monitoring plan for evaluating the effectiveness of the proposed corrective action.

f. Any other information related to the correction of unpermitted discharges required by the Department.
(3) The Department shall approve the Unpermitted Discharge Corrective Action Plan if it determines that the Plan complies with the requirements of this subsection and will be sufficient to protect public health, safety, and welfare; the environment; and natural resources.

(4) No later than 30 days from the approval of the Unpermitted Discharge Corrective Action Plan, the owner shall begin implementation of the Plan in accordance with the Plan's schedule.

(d) Identification of New Discharges. – No later than October 1, 2014, the owner of a coal combustion residuals surface impoundment shall submit a proposed Plan for the Identification of New Discharges to the Department for its review and approval as provided in this subsection:

(1) The proposed Plan for the Identification of New Discharges shall include, at a minimum, all of the following:
   a. A procedure for routine inspection of the coal combustion residuals surface impoundment to identify indicators of potential new discharges, including toe drain outfalls, seeps, and weeps.
   b. A procedure for determining whether a new discharge is actually present.
   c. A procedure for notifying the Department when a new discharge is confirmed.
   d. Any other information related to the identification of new discharges required by the Department.

(2) The Department shall approve the Plan for the Identification of New Discharges if it determines that the Plan complies with the requirements of this subsection and will be sufficient to protect public health, safety, and welfare; the environment; and natural resources.

(3) No later than 30 days from the approval of the Plan for the Identification of New Discharges, the owner shall begin implementation of the Plan in accordance with the Plan.

(e) Reporting. – In addition to any other reporting required by the Department, the owner of a coal combustion residuals surface impoundment shall submit an annual Surface Water Protection and Restoration Report to the Department no later than January 31 of each year. The Report shall include a summary of all surface water sampling, protection, and restoration activities related to the impoundment for the preceding year, including the status of the identification, assessment, and correction of unpermitted discharges from coal combustion residuals surface impoundments to the surface waters of the State. The owner of a coal combustion residuals surface impoundment shall also submit all information required to be submitted to the Department pursuant to this section to the Coal Ash Management Commission.

§ 130A-309.213. Prioritization of coal combustion residuals surface impoundments.

(a) As soon as practicable, but no later than December 31, 2015, the Department shall develop proposed classifications for all coal combustion residuals surface impoundments, including active and retired sites, for the purpose of closure and remediation based on these sites' risks to public health, safety, and welfare; the environment; and natural resources and shall determine a schedule for closure and required remediation that is based on the degree of risk to public health, safety, and welfare; the environment; and natural resources posed by the impoundments and that gives priority to the closure and required remediation of impoundments that pose the greatest risk. In assessing the risk, the Department shall evaluate information received pursuant to G.S. 130A-309.211 and G.S. 130A-309.212 and any other information deemed relevant and, at a minimum, consider all of the following:

(1) Any hazards to public health, safety, or welfare resulting from the impoundment.

(2) The structural condition and hazard potential of the impoundment.
(3) The proximity of surface waters to the impoundment and whether any surface waters are contaminated or threatened by contamination as a result of the impoundment.

(4) Information concerning the horizontal and vertical extent of soil and groundwater contamination for all contaminants confirmed to be present in groundwater in exceedance of groundwater quality standards and all significant factors affecting contaminant transport.

(5) The location and nature of all receptors and significant exposure pathways.

(6) The geological and hydrogeological features influencing the movement and chemical and physical character of the contaminants.

(7) The amount and characteristics of coal combustion residuals in the impoundment.

(8) Whether the impoundment is located within an area subject to a 100-year flood.

(9) Any other factor the Department deems relevant to establishment of risk.

(b) The Department shall issue a proposed classification for each coal combustion residuals surface impoundment based upon the assessment conducted pursuant to subsection (a) of this section as high-risk, intermediate-risk, or low-risk. Within 30 days after a proposed classification has been issued, the Department shall issue a written declaration, including findings of fact, documenting the proposed classification. The Department shall provide for public participation on the proposed risk classification as follows:

(1) The Department shall make copies of the written declaration issued pursuant to this subsection available for inspection as follows:
   a. A copy of the declaration shall be provided to the local health director.
   b. A copy of the declaration shall be provided to the public library located in closest proximity to the site in the county or counties in which the site is located.
   c. The Department shall post a copy of the declaration on the Department's Web site.
   d. The Department shall place copies of the declaration in other locations so as to assure the reasonable availability thereof to the public.

(2) The Department shall give notice of the written declaration issued pursuant to this subsection as follows:
   a. A notice and summary of the declaration shall be published weekly for a period of three consecutive weeks in a newspaper having general circulation in the county or counties where the site is located.
   b. Notice of the written declaration shall be given by first-class mail to persons who have requested such notice. Such notice shall include a summary of the written declaration and state the locations where a copy of the written declaration is available for inspection. The Department shall maintain a mailing list of persons who request notice pursuant to this section.
   c. Notice of the written declaration shall be given by electronic mail to persons who have requested such notice. Such notice shall include a summary of the written declaration and state the locations where a copy of the written declaration is available for inspection. The Department shall maintain a mailing list of persons who request notice pursuant to this section.

(3) No later than 60 days after issuance of the written declaration, the Department shall conduct a public meeting in the county or counties in which the site is located to explain the written declaration to the public. The
Department shall give notice of the hearing at least 15 days prior to the date thereof by all of the following methods:

a. Publication as provided in subdivision (1) of this subsection, with first publication to occur not less than 30 days prior to the scheduled date of the hearing.

b. First-class mail to persons who have requested notice as provided in subdivision (2) of this subsection.

c. Electronic mail to persons who have requested notice as provided in subdivision (2) of this subsection.

(4) At least 30 days from the latest date on which notice is provided pursuant to subdivision (2) of this subsection shall be allowed for the receipt of written comment on the written declaration prior to issuance of a final risk classification. At least 20 days will be allowed for receipt of written comment following a hearing conducted pursuant to subdivision (3) of this subsection prior to issuance of a final preliminary risk classification.

(e) Within 30 days of the receipt of all written comment as required by subdivision (4) of subsection (b) of this section, the Department shall submit a proposed classification for a coal combustion residuals surface impoundment to the Coal Ash Management Commission established pursuant to G.S. 130A-309.202. The Commission shall evaluate all information submitted in accordance with this Part related to the proposed classification and any other information the Commission deems relevant. The Commission shall only approve the proposed classification if it determines that the classification was developed in accordance with this section and that the classification accurately reflects the level of risk posed by the coal combustion residuals surface impoundment. The Commission shall issue its determination in writing, including findings in support of its determination. If the Commission fails to act on a proposed classification within 60 days of receipt of the proposed classification, the proposed classification shall be deemed approved. Parties aggrieved by a final decision of the Commission pursuant to this subsection may appeal the decision as provided under Article 3 of Chapter 150B of the General Statutes.

(d) No later than 30 days after expiration of the deadline set forth in G.S. 130A-309.211(c1), or any applicable extension granted by the Secretary pursuant G.S. 130A-309.211(c1), the Department shall issue a final classification for each impoundment as follows:

1. The Department shall classify an impoundment as low-risk if the impoundment owner satisfies both of the following criteria:
   a. Has established permanent water supplies as required for the impoundment pursuant to G.S. 130A-309.211(c1).
   b. Has rectified any deficiencies identified by, and otherwise complied with the requirements of, any dam safety order issued by the Environmental Management Commission for the impoundment pursuant to G.S. 143-215.32. No later than July 1, 2018, the Department shall conduct the annual inspection of each dam associated with a coal combustion residuals surface impoundment required for that year, to detect any deficiencies and to ascertain, at a minimum, whether the dam is sufficiently strong, maintained in good repair and operating condition, does not pose a danger to life or property, and satisfies minimum streamflow requirements. The Department shall issue written findings of fact for each inspection and present such findings to the Environmental Management Commission. If the Department detects any deficiencies, the Commission shall issue an order directing the owner of the dam to take action as may be deemed necessary by the Commission within a
time limited by the order, but not later than 90 days after issuance of the order.

(2) All other impoundments shall be classified as intermediate-risk.

(e) Parties aggrieved by a final decision of the Department issued pursuant to subsection (d) of this section may appeal the decision as provided under Article 3 of Chapter 150B of the General Statutes.


(a) An owner of a coal combustion residuals surface impoundment shall submit a proposed Coal Combustion Residuals Surface Impoundment Closure Plan for the Department's approval. If corrective action to restore groundwater has not been completed pursuant to the requirements of G.S. 130A-309.211(b), the proposed closure plan shall include provisions for completion of activities to restore groundwater in conformance with the requirements of Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code. In addition, the following requirements, at a minimum, shall apply to such plans:

(1) High-risk impoundments shall be closed as soon as practicable, but no later than December 31, 2019. A proposed closure plan for such impoundments must be submitted as soon as practicable, but no later than December 31, 2016. At a minimum, (i) impoundments located in whole above the seasonal high groundwater table shall be dewatered; (ii) impoundments located in whole or in part beneath the seasonal high groundwater table shall be dewatered to the maximum extent practicable; and (iii) the owner of an impoundment shall either:

a. Convert the coal combustion residuals impoundment to an industrial landfill by removing all coal combustion residuals and contaminated soil from the impoundment temporarily, safely storing the residuals on-site, and complying with the requirements for such landfills established by this Article and rules adopted thereunder. At a minimum, the landfills shall have a design with a leachate collection system, a closure cap system, and a composite liner system consisting of two components: the upper component shall consist of a minimum 30-mil flexible membrane (FML), and the lower components shall consist of at least a two-foot layer of compacted soil with a hydraulic conductivity of no more than 1 x 10^{-7} centimeters per second. FML components consisting of high density polyethylene (HDPE) shall be at least 60 mil thick. The landfill shall otherwise comply with the construction requirements established by Section .1624 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code, and the siting and design requirements for disposal sites established by Section .0503 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code, except with respect to those requirements that pertain to buffers. In lieu of the buffer requirement established by Section .0503(f)(2)(iii) of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code, the owner of the impoundment shall establish and maintain a 300-foot buffer between surface waters and disposal areas. After the temporarily displaced coal combustion residuals have been returned for disposal in the industrial landfill constructed pursuant to the requirements of this sub-subdivision, the owner of the landfill shall comply with the closure and post-closure requirements established by Section .1627 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code. A landfill constructed pursuant to this sub-subdivision shall otherwise be subject to all applicable
requirements of this Chapter and rules adopted thereunder. Prior to closure, the Department may allow the disposal of coal combustion residuals, in addition to those originally contained in the impoundment, to the landfill constructed pursuant to this sub-subdivision, if the Department determines that the site is suitable for additional capacity and that disposal of additional coal combustion residuals will not pose an unacceptable risk to public health, safety, welfare; the environment; and natural resources.

b. Remove all coal combustion residuals from the impoundment, return the former impoundment to a nonerosive and stable condition and (i) transfer the coal combustion residuals for disposal in a coal combustion residuals landfill, industrial landfill, or municipal solid waste landfill or (ii) use the coal combustion products in a structural fill or other beneficial use as allowed by law. The use of coal combustion products (i) as structural fill shall be conducted in accordance with the requirements of Subpart 3 of this Part and (ii) for other beneficial uses shall be conducted in accordance with the requirements of Section .1700 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code (Requirements for Beneficial Use of Coal Combustion By-Products) and Section .1205 of Subchapter T of Chapter 2 of Title 15A of the North Carolina Administrative Code (Coal Combustion Products Management).

(2) Intermediate-risk impoundments shall be closed as soon as practicable, but no later than December 31, 2024. A proposed closure plan for such impoundments must be submitted as soon as practicable, but no later than December 31, 2017. At a minimum, such impoundments shall be dewatered, and the owner of an impoundment shall close the impoundment in any manner allowed pursuant to subdivision (1) of this subsection, or, if applicable, as provided in G.S. 130A-309.216.

(3) Low-risk impoundments shall be closed as soon as practicable, but no later than December 31, 2029. A proposed closure plan for such impoundments must be submitted as soon as practicable, but no later than December 31, 2018. At a minimum, (i) impoundments located in whole above the seasonal high groundwater table shall be dewatered; (ii) impoundments located in whole or in part beneath the seasonal high groundwater table shall be dewatered to the maximum extent practicable; and (iii) at the election of the Department, the owner of an impoundment shall either:

a. Close in any manner allowed pursuant to subdivision (1) of this subsection;

b. Comply with the closure and post-closure requirements established by Section .1627 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code, except that such impoundments shall not be required to install and maintain a leachate collection system. Specifically, the owner of an impoundment shall install and maintain a cap system that is designed to minimize infiltration and erosion in conformance with the requirements of Section .1624 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code, and, at a minimum, shall be designed and constructed to (i) have a permeability no greater than $1 \times 10^{-5}$ centimeters per second; (ii) minimize infiltration by the use of a low-permeability barrier that contains a minimum 18 inches of earthen material; and (iii) minimize erosion of the cap system and protect the low-permeability barrier from root penetration by use of
an erosion layer that contains a minimum of six inches of earthen material that is capable of sustaining native plant growth. In addition, the owner of an impoundment shall (i) install and maintain a groundwater monitoring system; (ii) establish financial assurance that will ensure that sufficient funds are available for closure pursuant to this subdivision, post-closure maintenance and monitoring, any corrective action that the Department may require, and satisfy any potential liability for sudden and nonsudden accidental occurrences arising from the impoundment and subsequent costs incurred by the Department in response to an incident, even if the owner becomes insolvent or ceases to reside, be incorporated, do business, or maintain assets in the State; and (iii) conduct post-closure care for a period of 30 years, which period may be increased by the Department upon a determination that a longer period is necessary to protect public health, safety, welfare; the environment; and natural resources, or decreased upon a determination that a shorter period is sufficient to protect public health, safety, welfare; the environment; and natural resources. The Department may require implementation of any other measure it deems necessary to protect public health, safety, and welfare; the environment; and natural resources, including imposition of institutional controls that are sufficient to protect public health, safety, and welfare; the environment; and natural resources. The Department may not approve closure for an impoundment pursuant to sub-subdivision b. of subdivision (3) of this subsection unless the Department finds that the proposed closure plan includes design measures to prevent, upon the plan's full implementation, post-closure exceedances of groundwater quality standards beyond the compliance boundary that are attributable to constituents associated with the presence of the impoundment.

c. Comply with the closure requirements established by the United States Environmental Protection Agency as provided in 40 CFR Parts 257 and 261, "Hazardous and Solid Waste Management System: Disposal of Coal Combustion Residuals From Electric Utilities."

(4) Closure Plans for all impoundments shall include all of the following:

a. Facility and coal combustion residuals surface impoundment description. – A description of the operation of the site that shall include, at a minimum, all of the following:

1. Site history and history of site operations, including details on the manner in which coal combustion residuals have been stored and disposed of historically.
2. Estimated volume of material contained in the impoundment.
3. Analysis of the structural integrity of dikes or dams associated with impoundment.
4. All sources of discharge into the impoundment, including volume and characteristics of each discharge.
5. Whether the impoundment is lined, and, if so, the composition thereof.
6. A summary of all information available concerning the impoundment as a result of inspections and monitoring conducted pursuant to this Part and otherwise available.

b. Site maps, which, at a minimum, illustrate all of the following:
1. All structures associated with the operation of any coal combustion residuals surface impoundment located on the site. For purposes of this sub-subdivision, the term "site" means the land or waters within the property boundary of the applicable electric generating station.

2. All current and former coal combustion residuals disposal and storage areas on the site, including details concerning coal combustion residuals produced historically by the electric generating station and disposed of through transfer to structural fills.

3. The property boundary for the applicable site, including established compliance boundaries within the site.

4. All potential receptors within 2,640 feet from established compliance boundaries.

5. Topographic contour intervals of the site shall be selected to enable an accurate representation of site features and terrain and in most cases should be less than 20-foot intervals.

6. Locations of all sanitary landfills permitted pursuant to this Article on the site that are actively receiving waste or are closed, as well as the established compliance boundaries and components of associated groundwater and surface water monitoring systems.

7. All existing and proposed groundwater monitoring wells associated with any coal combustion residuals surface impoundment on the site.

8. All existing and proposed surface water sample collection locations associated with any coal combustion residuals surface impoundment on the site.

c. The results of a hydrogeologic, geologic, and geotechnical investigation of the site, including, at a minimum, all of the following:

1. A description of the hydrogeology and geology of the site.

2. A description of the stratigraphy of the geologic units underlying each coal combustion residuals surface impoundment located on the site.

3. The saturated hydraulic conductivity for (i) the coal combustion residuals within any coal combustion residuals surface impoundment located on the site and (ii) the saturated hydraulic conductivity of any existing liner installed at an impoundment, if any.

4. The geotechnical properties for (i) the coal combustion residuals within any coal combustion residuals surface impoundment located on the site, (ii) the geotechnical properties of any existing liner installed at an impoundment, if any, and (iii) the uppermost identified stratigraphic unit underlying the impoundment, including the soil classification based upon the Unified Soil Classification System, in-place moisture content, particle size distribution, Atterberg limits, specific gravity, effective friction angle, maximum dry density, optimum moisture content, and permeability.

5. A chemical analysis of the coal combustion residuals surface impoundment, including water, coal combustion residuals, and coal combustion residuals-affected soil.
6. Identification of all substances with concentrations determined to be in excess of the groundwater quality standards for the substance established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code, including all laboratory results for these analyses.

7. Summary tables of historical records of groundwater sampling results.

8. A map that illustrates the potentiometric contours and flow directions for all identified aquifers underlying impoundments (shallow, intermediate, and deep) and the horizontal extent of areas where groundwater quality standards established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code for a substance are exceeded.

9. Cross-sections that illustrate the following: the vertical and horizontal extent of the coal combustion residuals within an impoundment; stratigraphy of the geologic units underlying an impoundment; and the vertical extent of areas where groundwater quality standards established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code for a substance are exceeded.

d. The results of groundwater modeling of the site that shall include, at a minimum, all of the following:

1. An account of the design of the proposed Closure Plan that is based on the site hydrogeologic conceptual model developed and includes (i) predictions on post-closure groundwater elevations and groundwater flow directions and velocities, including the effects on and from the potential receptors and (ii) predictions at the compliance boundary for substances with concentrations determined to be in excess of the groundwater quality standards for the substance established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code.

2. Predictions that include the effects on the groundwater chemistry and should describe migration, concentration, mobilization, and fate for substances with concentrations determined to be in excess of the groundwater quality standards for the substance established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code pre- and post-closure, including the effects on and from potential receptors.

3. A description of the groundwater trend analysis methods used to demonstrate compliance with groundwater quality standards for the substance established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code and requirements for corrective action of groundwater contamination established by Subchapter L of Chapter 2 of Title 15A of the North Carolina Administrative Code.

e. A description of any plans for beneficial use of the coal combustion residuals in compliance with the requirements of Section .1700 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code (Requirements for Beneficial Use of Coal Combustion By-Products) and Section .1205 of Subchapter T of
Chapter 2 of Title 15A of the North Carolina Administrative Code (Coal Combustion Products Management).

f. All engineering drawings, schematics, and specifications for the proposed Closure Plan. If required by Chapter 89C of the General Statutes, engineering design documents should be prepared, signed, and sealed by a professional engineer.

g. A description of the construction quality assurance and quality control program to be implemented in conjunction with the Closure Plan, including the responsibilities and authorities for monitoring and testing activities, sampling strategies, and reporting requirements.

h. A description of the provisions for disposal of wastewater and management of stormwater and the plan for obtaining all required permits.

i. A description of the provisions for the final disposition of the coal combustion residuals. If the coal combustion residuals are to be removed, the owner must identify (i) the location and permit number for the coal combustion residuals landfills, industrial landfills, or municipal solid waste landfills in which the coal combustion residuals will be disposed and (ii) in the case where the coal combustion residuals are planned for beneficial use, the location and manner in which the residuals will be temporarily stored. If the coal combustion residuals are to be left in the impoundment, the owner must (i) in the case of closure pursuant to sub-subdivision (a)(1)a. of this section, provide a description of how the ash will be stabilized prior to completion of closure in accordance with closure and post-closure requirements established by Section .1627 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code and (ii) in the case of closure pursuant to sub-subdivision (a)(1)b. of this section, provide a description of how the ash will be stabilized pre- and post-closure. If the coal combustion residuals are to be left in the impoundment, the owner must provide an estimate of the volume of coal combustion residuals remaining.

j. A list of all permits that will need to be acquired or modified to complete closure activities.

k. A description of the plan for post-closure monitoring and care for an impoundment for a minimum of 30 years. The length of the post-closure care period may be (i) proposed to be decreased or the frequency and parameter list modified if the owner demonstrates that the reduced period or modifications are sufficient to protect public health, safety, and welfare; the environment; and natural resources and (ii) increased by the Department at the end of the post-closure monitoring and care period if there are statistically significant increasing groundwater quality trends or if contaminant concentrations have not decreased to a level protective of public health, safety, and welfare; the environment; and natural resources. If the owner determines that the post-closure care monitoring and care period is no longer needed and the Department agrees, the owner shall provide a certification, signed and sealed by a professional engineer, verifying that post-closure monitoring and care has been completed in accordance with the post-closure plan. If required by Chapter 89C of the General Statutes, the proposed plan for post-closure monitoring and care should be signed and sealed by a
professional engineer. The plan shall include, at a minimum, all of the following:

1. A demonstration of the long-term control of all leachate, affected groundwater, and stormwater.

2. A description of a groundwater monitoring program that includes (i) post-closure groundwater monitoring, including parameters to be sampled and sampling schedules; (ii) any additional monitoring well installations, including a map with the proposed locations and well construction details; and (iii) the actions proposed to mitigate statistically significant increasing groundwater quality trends.

l. An estimate of the milestone dates for all activities related to closure and post-closure.

m. Projected costs of assessment, corrective action, closure, and post-closure care for each coal combustion residuals surface impoundment.

n. A description of the anticipated future use of the site and the necessity for the implementation of institutional controls following closure, including property use restrictions, and requirements for recordation of notices documenting the presence of contamination, if applicable, or historical site use.

(b) The Department shall review a proposed Coal Combustion Residuals Surface Impoundment Closure Plan for consistency with the minimum requirements set forth in subsection (a) of this section and whether the proposed Closure Plan is protective of public health, safety, and welfare; the environment; and natural resources and otherwise complies with the requirements of this Part. Prior to issuing a decision on a proposed Closure Plan, the Department shall provide for public participation on the proposed Closure Plan as follows:

(1) The Department shall make copies of the proposed Closure Plan available for inspection as follows:

a. A copy of the proposed Closure Plan shall be provided to the local health director.

b. A copy of the proposed Closure Plan shall be provided to the public library located in closest proximity to the site in the county or counties in which the site is located.

c. The Department shall post a copy of the proposed Closure Plan on the Department's Web site.

d. The Department shall place copies of the declaration in other locations so as to assure the reasonable availability thereof to the public.

(2) Before approving a proposed Closure Plan, the Department shall give notice as follows:

a. A notice and summary of the proposed Closure Plan shall be published weekly for a period of three consecutive weeks in a newspaper having general circulation in the county or counties where the site is located.

b. Notice that a proposed Closure Plan has been developed shall be given by first-class mail to persons who have requested such notice. Such notice shall include a summary of the proposed Closure Plan and state the locations where a copy of the proposed Closure Plan is available for inspection. The Department shall maintain a mailing list of persons who request notice pursuant to this section.

c. Notice that a proposed Closure Plan has been developed shall be given by electronic mail to persons who have requested such notice.
Such notice shall include a summary of the proposed Closure Plan and state the locations where a copy of the proposed Closure Plan is available for inspection. The Department shall maintain a mailing list of persons who request notice pursuant to this section.

(3) No later than 60 days after receipt of a proposed Closure Plan, the Department shall conduct a public meeting in the county or counties in which the site is located to explain the proposed Closure Plan and alternatives to the public. The Department shall give notice of the hearing at least 30 days prior to the date thereof by all of the following methods:

a. Publication as provided in subdivision (1) of this subsection, with first publication to occur not less than 30 days prior to the scheduled date of the hearing.

b. First-class mail to persons who have requested notice as provided in subdivision (2) of this subsection.

c. Electronic mail to persons who have requested notice as provided in subdivision (2) of this subsection.

(4) At least 30 days from the latest date on which notice is provided pursuant to subdivision (2) of this subsection shall be allowed for the receipt of written comment on the proposed Closure Plan prior to its approval. At least 20 days will be allowed for receipt of written comment following a hearing conducted pursuant to subdivision (3) of this subsection prior to the approval of the proposed Closure Plan.

c. The Department shall disapprove a proposed Coal Combustion Residuals Surface Impoundment Closure Plan unless the Department finds that the Closure Plan is protective of public health, safety, and welfare; the environment; and natural resources and otherwise complies with the requirements of this Part. The Department shall provide specific findings to support its decision to approve or disapprove a proposed Closure Plan. If the Department disapproves a proposed Closure Plan, the person who submitted the Closure Plan may seek review as provided in Article 3 of Chapter 150B of the General Statutes. If the Department fails to approve or disapprove a proposed Closure Plan within 120 days after a complete Closure Plan has been submitted, the person who submitted the proposed Closure Plan may treat the Closure Plan as having been disapproved at the end of that time period. The Department may require a person who proposes a Closure Plan to supply any additional information necessary for the Department to approve or disapprove the Closure Plan.

d. Within 30 days of its approval of a Coal Combustion Residuals Surface Impoundment Closure Plan, the Department shall submit the Closure Plan to the Coal Ash Management Commission. The Commission shall evaluate all information submitted in accordance with this Part related to the Closure Plan and any other information the Commission deems relevant. The Commission shall approve the Closure Plan if it determines that the Closure Plan was developed in accordance with this section, that implementation of the Closure Plan according to the Closure Plan's schedule is technologically and economically feasible, and the Closure Plan is protective of the public health, safety, and welfare; the environment; and natural resources. In addition, the Commission may consider any impact on electricity costs and reliability, but this factor may not be dispositive of the Commission's determination. The Commission shall issue its determination in writing, including findings in support of its determination. If the Commission fails to act on a Closure Plan within 60 days of receipt of the Closure Plan, the Closure Plan shall be deemed approved. Parties aggrieved by a final decision of the Commission pursuant to this subsection may appeal the decision as provided under Article 3 of Chapter 150B of the General Statutes.

e. As soon as practicable, but no later than 60 days after a Coal Combustion Residuals Surface Impoundment Closure Plan has been approved by the Coal Ash Management Commission, the owner of the coal combustion residuals impoundment shall begin implementation of the approved plan. Modifications to an approved Closure Plan may only be
allowed in conformance with the requirements of this Part, upon written request of an owner of an impoundment, with the written approval of the Department, and after public notice of the change in accordance with the requirements of subdivision (2) of subsection (b) of this section. Provided, however, minor technical modifications may be made in accordance with standard Department procedures for such minor modifications and may be made without written approval of the Department or public notice of the change.

(f) Nothing in this section shall be construed to obviate the need for sampling, remediation, and monitoring activities at the site as required by G.S. 130A-309.211 and G.S. 130A-309.310 [G.S. 130A-309.212].


(a) In recognition of the complexity and magnitude of the issues surrounding the management of coal combustion residuals and coal combustion residuals surface impoundments, the General Assembly authorizes the Commission Secretary to grant a variance to extend any deadline for closure of an impoundment established under G.S. 130A-309.214 in conformance with the requirements of this section. To request such a variance the owner of an impoundment under this act, on the Secretary's own motion, or that of an impoundment owner, on the basis that compliance with the deadline cannot be achieved by application of best available technology found to be economically reasonable at the time and would produce serious hardship without equal or greater benefits to the public.

(a1) For variances requested by an impoundment owner, the owner shall, no earlier than two yearsone year prior to the applicable deadline, submit an application in a form acceptable to the Department which shall include, at a minimum, all of the following information: identification of the site, applicable requirements, and applicable deadlines for which a variance is sought, and the site-specific circumstances that support the need for the variance. The owner of the impoundment shall also provide detailed information that demonstrates (i) the owner has substantially complied with all other requirements and deadlines established by this Part; (ii) the owner has made good faith efforts to comply with the applicable deadline for closure of the impoundment; and (iii) that compliance with the deadline cannot be achieved by application of best available technology found to be economically reasonable at the time and would produce serious hardship without equal or greater benefits to the public. As soon as practicable, but no later than 60 days from receipt of an application, the Secretary shall evaluate the information submitted in conjunction with the application, and any other information the Secretary deems relevant, to determine whether the information supports issuance of a variance. After such evaluation, if the Secretary finds that the information supports issuance of a variance from the deadline, the Secretary shall issue a proposed variance. Within 10 days after a proposed variance has been issued, the Secretary shall issue a written declaration, including findings of fact, documenting the proposed variance.

(a2) The Department shall provide for public participation on the proposed variance in the manner provided by G.S. 130A-309.214(b) and shall take the public input received through the process into account in its decision concerning the proposed issuance of a variance. Within 30 days of the receipt of all public input received, the Department shall submit a proposed variance to the Coal Ash Management Commission. The Commission shall evaluate all information submitted in accordance with this section and any other information the Commission deems relevant. The Commission Department shall only approve a variance if it determines that compliance with the deadline cannot be achieved by application of best available technology found to be economically reasonable at the time and would produce serious hardship without equal or greater benefits to the public. The Commission Department shall issue its determination in writing, including findings of support of its determination. If the Commission Department fails to act on a variance request within 60 days of receipt, the variance shall be deemed denied.

(a3) Parties aggrieved by a final decision of the Commission pursuant to this subsection may appeal the decision as provided under Article 3 of Chapter 150B of the General Statutes.
(b) A variance granted pursuant to this section shall not extend a deadline for closure of an impoundment more than three years beyond the date applicable to the impoundment as provided under G.S. 130A-309.214.
(c) No more than one variance may be granted pursuant to this section per impoundment.

§ 130A-309.216. Ash beneficiation projects.
(a) On or before January 1, 2017, an impoundment owner shall (i) identify, at a minimum, impoundments at two sites located within the State with ash stored in the impoundments on that date that is suitable for processing for cementitious purposes and (ii) enter into a binding agreement for the installation and operation of an ash beneficiation project at each site capable of annually processing 300,000 tons of ash to specifications appropriate for cementitious products, with all ash processed to be removed from the impoundment(s) located at the sites. As soon as legally practicable thereafter, the impoundment owner shall apply for all permits necessary for the ash beneficiation projects from the Department. The Department shall expedite any State permits and approvals required for such projects. No later than 24 months after issuance of all necessary permits, operation of both ash beneficiation projects shall be commenced. An impoundment owner shall use commercially reasonable efforts to produce 300,000 tons of ash to specifications appropriate for cementitious products from each project.
(b) On or before July 1, 2017, an impoundment owner shall (i) identify an impoundment at an additional site located within the State with ash stored in the impoundment on that date that is suitable for processing for cementitious purposes and (ii) enter into a binding agreement for the installation and operation of an ash beneficiation project capable of annually processing 300,000 tons of ash to specifications appropriate for cementitious products, with all ash processed to be removed from the impoundment(s) located at the site. As soon as legally practicable thereafter, the impoundment owner shall apply for all permits necessary for the ash beneficiation project from the Department. The Department shall expedite any State permits and approvals required for such projects. No later than 24 months after issuance of all necessary permits, operation of the ash beneficiation project shall be commenced. An impoundment owner shall use commercially reasonable efforts to produce 300,000 tons of ash to specifications appropriate for cementitious products from the project.
(c) Notwithstanding any deadline for closure provided by G.S. 130A-309.214, any impoundment classified as intermediate- or low-risk that is located at a site at which an ash beneficiation project is installed, operating, and processing at least 300,000 tons of ash annually from the impoundment, shall be closed no later than December 31, 2029.

§ 130A-309.217: Reserved for future codification purposes.

SECTION 2. G.S. 62-302.1 reads as rewritten:

(a) Fee Imposed. – Each public utility with a coal combustion residuals surface impoundment shall pay a regulatory fee for the purpose of defraying the costs of oversight of coal combustion residuals. The fee is in addition to the fee imposed under G.S. 62-302. The fees collected under this section shall only be used to pay the expenses of the Coal Ash Management Commission and the Department of Environmental Quality in providing oversight of coal combustion residuals.
(b) Rate. – The combustion residuals surface impoundment fee shall be three-hundredths of one percent (0.03%) twenty-two thousandths of one percent (0.022%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302.
(c) When Due. – The fee shall be paid in quarterly installments. The fee is payable to the Coal Ash Management Commission Department of Environmental Quality on or before the 15th of the second month following the end of each quarter. Each public utility subject to this fee shall, on or before the date the fee is due for each quarter, prepare and render a report on a form prescribed by the Coal Ash Management Commission, Department of Environmental
Quality. The report shall state the public utility's total North Carolina jurisdictional revenues for the preceding quarter and shall be accompanied by any supporting documentation that the Coal Ash Management Commission Department of Environmental Quality may by rule require. Receipts shall be reported on an accrual basis.

(d) Use of Proceeds. – A special fund in the Office of State Treasurer and the Coal Ash Management Commission Department of Environmental Quality is created. The fees collected pursuant to this section and all other funds received by the Coal Ash Management Commission shall be deposited in the Coal Combustion Residuals Management Fund. The Fund shall be placed in an interest-bearing account, and any interest or other income derived from the Fund shall be credited to the Fund. Subject to appropriation by the General Assembly, twenty-six and one-half percent (26.5%) of the moneys in the Fund shall be used by the Coal Ash Management Commission and the remainder one hundred percent (100%) shall be used by the Department of Environmental Quality. The Coal Ash Management Commission shall be subject to the provisions of the State Budget Act, except that no unexpended surplus of the Coal Combustion Residuals Management Fund shall revert to the General Fund. All funds credited to the Fund shall be used only to pay the expenses of the Coal Ash Management Commission and the Department of Environmental Quality in providing oversight of coal combustion residuals.

(e) Recovery of Fee. – The North Carolina Utilities Commission shall not allow an electric public utility to recover this fee from the retail electric customers of the State."

SECTION 3.(a) Notwithstanding G.S. 130A-309.213 or G.S. 130A-309.214, as amended by Section 1 of this act, and except as otherwise preempted by the requirements of federal law, the following coal combustion residuals surface impoundments shall be deemed intermediate-risk and, as soon as practicable, but no later than August 1, 2028, shall be closed in conformance with Section 3(b) of this act:

(1) Coal combustion residuals surface impoundments located at the H.F. Lee Steam Station, owned and operated by Duke Energy Progress, and located in Wayne County.

(2) Coal combustion residuals surface impoundments located at the Cape Fear Steam Station, owned and operated by Duke Energy Progress, and located in Chatham County.

(3) Coal combustion residuals surface impoundments located at the Weatherspoon Steam Station, owned and operated by Duke Energy Progress, and located in New Hanover County.

SECTION 3.(b) The impoundments identified in subsection (a) of this section shall be closed as follows:

(1) Impoundments located in whole above the seasonal high groundwater table shall be dewatered. Impoundments located in whole or in part beneath the seasonal high groundwater table shall be dewatered to the maximum extent practicable.

(2) All coal combustion residuals shall be removed from the impoundments and transferred for (i) disposal in a coal combustion residuals landfill, industrial landfill, or municipal solid waste landfill or (ii) use in a structural fill or other beneficial use as allowed by law. The use of coal combustion products (i) as structural fill shall be conducted in accordance with the requirements of Subpart 3 of Part 2I of Article 9 of the General Statutes and (ii) for other beneficial uses shall be conducted in accordance with the requirements of Section .1700 of Subchapter B of Chapter 13 of Title 15A of the North Carolina Administrative Code (Requirements for Beneficial Use of Coal Combustion By-Products) and Section .1200 of Subchapter T of Chapter 2 of Title 15A of the North Carolina Administrative Code (Coal Combustion Products Management), as applicable.
(3) If restoration of groundwater quality is degraded as a result of the impoundment, corrective action to restore groundwater quality shall be implemented by the owner or operator as provided in G.S. 130A-309.211.

SECTION 4. There is appropriated a sum of up to four hundred fifty thousand dollars ($450,000) to the State Water Infrastructure Authority from the Coal Combustion Residuals Management Fund cash balance on June 30, 2016, to fund grants to local governments operating public water supplies in areas surrounding coal combustion residuals impoundments to provide moneys for additional staff for permitting and construction activities as may be needed to facilitate establishment of permanent water supplies to households eligible for connection to public water supplies pursuant to G.S. 130A-309.211(c1).

SECTION 5.(a) Section 3(e) of S.L. 2014-122 is repealed.

SECTION 5.(b) Section 4(e) of S.L. 2014-122 reads as rewritten:

"SECTION 4.(e) All electric generating facilities owned by a public utility that produce coal combustion residuals and coal combustion products shall issue a request for proposals on or before December 31, 2014, for (i) the conduct of a market analysis for the concrete industry and other industries that might beneficially use coal combustion residuals and coal combustion products; (ii) the study of the feasibility and advisability of installation of technology to convert existing and newly generated coal combustion residuals to commercial-grade coal combustion products suitable for use in the concrete industry and other industries that might beneficially use coal combustion residuals; and (iii) an examination of all innovative technologies that might be applied to diminish, recycle or reuse, or mitigate the impact of existing and newly generated coal combustion residuals. All electric generating facilities shall present the materials and information received in response to a request for proposals issued pursuant to this section and an assessment of the materials and information, including a forecast of specific actions to be taken in response to the materials and information received, to the Environmental Management Commission and the Coal Ash Management Commission on or before August 1, 2016."

SECTION 6.(a) G.S. 143B-291 reads as rewritten:

"§ 143B-291. North Carolina Mining Commission – members; selection; removal; compensation; quorum; services.
(a) Repealed by 2014-4, s. 5(a), effective July 31, 2015.
(a1) Members, Selection. – The North Carolina Mining Commission shall consist of eight members appointed as follows:

(1) One member who is the chair of the North Carolina State University Minerals Research Laboratory Advisory Committee, ex officio and nonvoting.
(2) The State Geologist, ex officio and nonvoting.
(3) One member appointed by the Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution who is a representative of the mining industry.
(4) One member appointed by the Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution who is a representative of the mining industry.
(5) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution who is a representative of the mining industry.
(6) One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution who is a representative of the mining industry.
(7) One member appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in conformance with
One member appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in conformance with G.S. 120-121, who is a representative of a nongovernmental conservation interest.

(a2) Process for Appointments by the Governor. – The Governor shall transmit to the presiding officers of the Senate and the House of Representatives, within four weeks of the convening of the session of the General Assembly in the year for which the terms in question are to expire, the names of the persons to be appointed by the Governor and submitted to the General Assembly for confirmation by joint resolution. If an appointment is required pursuant to this subsection when the General Assembly is not in session, the member may be appointed and serve on an interim basis pending confirmation by the General Assembly. For the purpose of this subsection, the General Assembly is not in session only (i) prior to convening of the regular session, (ii) during any adjournment of the regular session for more than 10 days, or (iii) after sine die adjournment of the regular session.

(b) Terms. – The term of office of a member of the Commission is four years, beginning effective January 1 of the year of appointment and terminating on December 31 of the year of expiration. At the expiration of each member’s term, the appointing authority shall replace the member with a new member of like qualifications for a term of four years. The term of the member appointed under subdivision (5) of subsection (a1) of this section shall expire on June 30 of years that precede by one year those years that are evenly divisible by six. The term of members appointed under subdivisions (3) and (6) of subsection (a1) of this section shall expire on June 30 of years that follow by one year those years that are evenly divisible by six. The term of members appointed under subdivisions (4) and (7) of subsection (a1) of this section shall expire on June 30 of years that follow by three years those years that are evenly divisible by six. Upon the expiration of a six-year term, a member may continue to serve until a successor is appointed and duly qualified as provided by G.S. 128-7. In order to establish regularly overlapping terms, initial appointments shall be made effective June 1, 2016, or as soon as feasible thereafter, and expire as follows:

(1) The initial appointments made by the Governor:
   a. Pursuant to subdivision (a1)(3) of this section shall expire December 31, 2020.
   b. Pursuant to subdivision (a1)(4) of this section shall expire December 31, 2020.
   c. Pursuant to subdivision (a1)(5) of this section shall expire December 31, 2019.
   d. Pursuant to subdivision (a1)(6) of this section shall expire December 31, 2019.

(2) The initial appointment made by the General Assembly upon recommendation of the Speaker of the House of Representatives pursuant to subdivision (a1)(7) of this section shall expire December 31, 2018.

(3) The initial appointment made by the General Assembly upon recommendation of the President Pro Tempore of the Senate pursuant to subdivision (a1)(8) of this section shall expire December 31, 2018.

(c) Vacancies. – In case of death, incapacity, resignation, or vacancy for any other reason in the office of any member appointed by the Governor, prior to the expiration of the member’s term of office, the name of the successor shall be submitted by the Governor within four weeks after the vacancy arises to the General Assembly for confirmation by the General Assembly. In case of death, incapacity, resignation, or vacancy for any other reason in the office of any member appointed by the General Assembly, vacancies in those appointments shall be filled in accordance with G.S. 120-122. If a vacancy arises or exists when the General Assembly is not in session, and the appointment is deemed urgent by the Governor, the
member may be appointed by the Governor and serve on an interim basis pending confirmation or appointment by the General Assembly, as applicable. An appointment to fill a vacancy shall be for the unexpired balance of the term.

(d) Removal. – The Governor may remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13, or for good cause.

(e) Compensation. – The members of the Commission shall receive per diem and necessary traveling and subsistence expenses in accordance with the provisions of G.S. 138-5.

(f) Quorum. – A majority of the Commission shall constitute a quorum for the transaction of business.

(g) Staff. – All clerical and other services required by the Commission shall be supplied by the Secretary of Environmental Quality. The Commission staff shall be housed in the Department of Environmental Quality and supervised by the Secretary of Environmental Quality.”

SECTION 6.(b) Notwithstanding the provisions of G.S. 143B-291(a2) and G.S. 143B-291(b), as enacted and amended by Section 6(a) of this act, initial appointments made by the Governor to the Commission shall not require confirmation by the General Assembly.

SECTION 7.(a) G.S. 143B-293.2 reads as rewritten:

"§ 143B-293.2. North Carolina Oil and Gas Commission – members; selection; removal; compensation; quorum; services.

(a) Repealed by Session Laws 2014-4, s. 4(a), effective July 31, 2015.

(a1) Members Selection. – The North Carolina Oil and Gas Commission shall consist of nine members appointed as follows:

(1) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, who, at the time of initial appointment, is an elected official of a municipal government located in a region of North Carolina that has oil and gas potential. A person serving in this seat may complete a term on the Commission even if the person is no longer serving as an elected official of a municipal government but may not be reappointed to a subsequent term.

(2) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in conformance with G.S. 120-121, who shall be a geologist with experience in oil and gas exploration and development.

(3) One appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives in conformance with G.S. 120-121, who is a representative of a nongovernmental conservation interest.

(4) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate, Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution, who, at the time of initial appointment, is a member of a county board of commissioners of a county located in a region of North Carolina that has oil and gas potential. A person serving in this seat may complete a term on the Commission even if the person is no longer serving as county commissioner but may not be reappointed to a subsequent term.

(5) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in conformance with G.S. 120-121, who is a member representative of a nongovernmental conservation interest.

(6) One appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate in conformance with G.S. 120-121.
who shall be an engineer with experience in oil and gas exploration and development.

(7) One appointed by the Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution, who shall be a representative of a publicly traded natural gas company.

(8) One appointed by the Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution, who shall be a licensed attorney with experience in legal matters associated with oil and gas exploration and development.

(9) One appointed by the Governor subject to confirmation in conformance with Section 5(8) of Article III of the North Carolina Constitution, with experience in matters related to public health.

(a2) Process for Appointments by the Governor. – The Governor shall transmit to the presiding officers of the Senate and the House of Representatives, within four weeks of the convening of the session of the General Assembly in the year for which the terms in question are to expire, the names of the persons to be appointed by the Governor and submitted to the General Assembly for confirmation by joint resolution. If an appointment is required pursuant to this subsection when the General Assembly is not in session, the member may be appointed and serve on an interim basis pending confirmation by the General Assembly. For the purpose of this subsection, the General Assembly is not in session only (i) prior to convening of the regular session, (ii) during any adjournment of the regular session for more than 10 days, or (iii) after sine die adjournment of the regular session.

(b) Terms. – The term of office of members of the Commission is three years. Members appointed by the Governor shall serve terms of three years, beginning effective January 1 of the year of appointment and terminating on December 31 of the year of expiration. A member may be reappointed to no more than two consecutive three-year terms. The term of a member who no longer meets the qualifications of their respective appointment, as set forth in subsection (a1) of this section, shall terminate but the member may continue to serve until a new member who meets the qualifications is appointed. The terms of members appointed under subdivisions (1), (4), and (7) of subsection (a1) of this section shall expire on June 30 of years evenly divisible by three. The terms of members appointed under subdivisions (2), (5), and (8) of subsection (a1) of this section shall expire on June 30 of years that precede by one year those years that are evenly divisible by three. The terms of members appointed under subdivisions (3), (6), and (9) of subsection (a1) of this section shall expire on June 30 of years that follow by one year those years that are evenly divisible by three. In order to establish regularly overlapping terms, initial appointments shall be made effective June 1, 2016, or as soon as feasible thereafter, and expire as follows:

(1) The initial appointments made by the Governor:
   a. Pursuant to subdivision (a1)(1) of this section shall expire December 31, 2020.
   b. Pursuant to subdivision (a1)(4) of this section shall expire December 31, 2020.
   c. Pursuant to subdivision (a1)(7) of this section shall expire December 31, 2020.
   d. Pursuant to subdivision (a1)(8) of this section shall expire December 31, 2019.
   e. Pursuant to subdivision (a1)(9) of this section shall expire December 31, 2019.

(2) The initial appointments made by the General Assembly upon recommendation of the Speaker of the House of Representatives:
   a. Pursuant to subdivision (a1)(2) of this section shall expire December 31, 2018.
   b. Pursuant to subdivision (a1)(3) of this section shall expire December 31, 2019.
(3) The initial appointments made by the General Assembly upon recommendation of the President Pro Tempore of the Senate:
   a. Pursuant to subdivision (a1)(5) of this section shall expire December 31, 2018.
   b. Pursuant to subdivision (a1)(6) of this section shall expire December 31, 2019.

(c) Vacancies; Removal from Office. – Vacancies. – In case of death, incapacity, resignation, or vacancy for any other reason in the office of any member appointed by the Governor, prior to the expiration of the member's term of office, the name of the successor shall be submitted by the Governor within four weeks after the vacancy arises to the General Assembly for confirmation by the General Assembly. In case of death, incapacity, resignation, or vacancy for any other reason in the office of any member appointed by the General Assembly, vacancies in those appointments shall be filled in conformance with G.S. 120-122. If a vacancy arises or exists when the General Assembly is not in session and the appointment is deemed urgent by the Governor, the member may be appointed by the Governor and serve on an interim basis pending confirmation or appointment by the General Assembly, as applicable. An appointment to fill a vacancy shall be for the unexpired balance of the term.

(c1) Removal. –
   (1) Any appointment by the Governor to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term. The Governor shall have the power to remove any member of the Commission from office for misfeasance, malfeasance, or nonfeasance in accordance with the provisions of G.S. 143B-13 of the Executive Organization Act of 1973, or for good cause.
   (2) Members appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall be made in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in accordance with G.S. 120-122. In accordance with Section 10 of Article VI of the North Carolina Constitution, a member may continue to serve until a successor is duly appointed.

(d) Compensation. – The members of the Commission shall receive per diem and necessary traveling and subsistence expenses in accordance with the provisions of G.S. 138-5.

(e) Quorum. – A majority of the Commission shall constitute a quorum for the transaction of business.

(f) Staff. – All staff support required by the Commission shall be supplied by the Division of Energy, Mineral, and Land Resources and the North Carolina Geological Survey and supervised by the Secretary of Environmental Quality.

(g) Committees. – In addition to the Committee on Civil Penalty Remissions required to be established under G.S. 143B-293.6, the chair may establish other committees from members of the Commission to address specific issues as appropriate. No member of a committee may hear or vote on any matter in which the member has an economic interest. A majority of a committee shall constitute a quorum for the transaction of business.

(h) Office May Be Held Concurrently With Others. – Membership on the Oil and Gas Commission is hereby declared to be an office that may be held concurrently with other elective or appointive offices in addition to the maximum number of offices permitted to be held by one person under G.S. 128-1.1.

SECTION 7.(b) Notwithstanding the provisions of G.S. 143B-293.2(a1) and G.S. 143B-293.2(b), as enacted and amended by Section 7(a) of this act, initial appointments made by the Governor to the Commission shall not require confirmation by the General Assembly.

SECTION 7.(c) For purposes of the rules set forth in 15A NCAC 05H (Oil and Gas Conservation Rules), modifications made to the Oil and Gas Commission under Section
7(a) of this act shall, pursuant to G.S. 150B-21.7, be construed to (1) have repealed authority to adopt such rules given to previously constituted commissions and (2) transferred the authority to adopt such rules to the Oil and Gas Commission as modified by Section 7(b) of this act. Therefore, pursuant to G.S. 150B-21.7, rules set forth in 15A NCAC 05H (Oil and Gas Conservation Rules) shall be effective until the Oil and Gas Commission, as modified Section 7(a) of this act, amends or repeals the rules.

SECTION 8. The provisions of this act shall be severable, and if any phrase, clause, sentence, or provision is declared to be unconstitutional or otherwise invalid, the validity of the remainder of this act shall not be affected thereby.

SECTION 9. Except as otherwise provided, this act is effective when it becomes law. Requirements for establishment of a permanent alternative water supply under G.S. 130A-309.211(c1), as enacted by Section 1 of this act, shall apply only to households with drinking water supply wells in existence on the date this act becomes effective.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-96

AN ACT TO PROVIDE THAT THE STATE CHIEF INFORMATION OFFICER MAY ALSO BE REFERRED TO AS SECRETARY OF THE DEPARTMENT OF INFORMATION TECHNOLOGY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143B-1322(a) reads as rewritten:

"§ 143B-1322. State CIO duties; Departmental personnel and administration.  
(a) State CIO. – The State Chief Information Officer (State CIO) is the head of the Department and a member of the Governor's cabinet, and may also be referred to as the Secretary of the Department of Information Technology. The State CIO is appointed by and serves at the pleasure of the Governor. The State CIO shall be qualified by education and experience for the office. The salary of the State CIO shall be set by the Governor. The State CIO shall receive longevity pay on the same basis as is provided to employees of the State who are subject to the North Carolina Human Resources Act."

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-97

AN ACT TO AUTHORIZE THE ACQUISITION OR CONSTRUCTION AND THE FINANCING, WITHOUT APPROPRIATIONS FROM THE GENERAL FUND, OF CERTAIN CAPITAL IMPROVEMENTS PROJECTS OF THE CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

SECTION 1. The purpose of this act is to authorize (i) the acquisition or construction of the capital improvements projects listed in this act for the respective institutions of The University of North Carolina and (ii) the financing of these projects with funds available to the institutions from gifts, grants, receipts, self-liquidating indebtedness, Medicare reimbursements for education costs, hospital receipts from patient care, or other funds, or any combination of these funds, but not including funds received for tuition or appropriated from the General Fund of the State unless previously authorized by General Statute.

SECTION 2. The capital improvements projects, and their respective costs, authorized by this act to be acquired or constructed and financed as provided in Section 1 of this act, including by revenue bonds, by special obligation bonds as authorized in Section 4 of this act, or by both, are as follows:
Appalachian State University
Convocation Center Parking Deck $ 11,250,000

North Carolina Central University
New Student Center 36,084,571

North Carolina State University
Plant Sciences Building 75,200,000
Carmichael Addition and Renovation 45,000,000
Case Commons Residence Hall 15,000,000

University of North Carolina at Asheville
Highsmith Union Renovation 12,430,000
Student Apartment Housing 33,795,000

University of North Carolina at Charlotte
Scott Hall Renovations 22,500,000
Health and Wellness Center 66,000,000

UNC Hospitals at Chapel Hill
Surgical Pavilion and Renovations 250,000,000

SECTION 3. At the request of the Board of Governors of The University of North Carolina and upon determining that it is in the best interest of the State to do so, the Director of the Budget may authorize an increase or decrease in the cost of, or a change in the method of, funding the projects authorized by this act. In determining whether to authorize a change in cost or funding, the Director of the Budget may consult with the Joint Legislative Commission on Governmental Operations.

SECTION 4. Pursuant to G.S. 116D-26, the Board of Governors may issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board of Governors for the purpose of paying all or any part of the cost of acquiring, constructing, or providing for the projects authorized by Section 2 of this act. The maximum principal amount of bonds to be issued shall not exceed the specified project costs in Section 2 of this act plus five percent (5%) of such amount to pay issuance expenses, fund reserve funds, pay capitalized interest, and pay other related additional costs, plus any increase in the specific project costs authorized by the Director of the Budget pursuant to Section 3 of this act.

SECTION 5. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-98

H.B. 151

AN ACT TO AMEND THE VACATION RENTAL ACT TO CLARIFY THE ROLE OF REAL ESTATE BROKERS IN TRANSACTIONS BETWEEN LANDLORDS AND TENANTS, TO PROTECT MEMBERS OF THE ARMED FORCES BY ALLOWING TERMINATION OF RENTAL AGREEMENTS UPON TRANSFER OR REDEPLOYMENT, TO CLARIFY THE PROCEDURE FOR AWARDING AND COLLECTING CERTAIN COURT FEES IN EVICTION PROCEEDINGS, AND TO ALLOW AMENDMENTS TO A LEASE OF REAL PROPERTY TO ORANGE COUNTY TO FACILITATE JAIL CONSTRUCTION.

The General Assembly of North Carolina enacts:

PART I. CHANGES TO THE VACATION RENTAL ACT/SUMMARY EJECTMENT/RESIDENTIAL RENTAL AGREEMENTS

SECTION 1.1. G.S. 42A-4 reads as rewritten:
§ 42A-4. Definitions.  
The following definitions apply in this Chapter:

1. Advanced payments. – All payments made by a tenant in a vacation rental agreement to a landlord or the landlord's real estate broker prior to occupancy for the purpose of renting a vacation rental property for a future period of time as specified in the vacation rental agreement.

2. Landlord. – An owner of residential property offered for lease as a vacation rental with or without the assistance of a real estate broker.

3. Reserved.

4. Real estate broker. – A real estate broker as defined in G.S. 93A-2(a).

5. Residential property. – An apartment, condominium, single-family home, townhouse, cottage, or other property that is devoted to residential use or occupancy by one or more persons for a definite or indefinite period.

6. Vacation rental. – The rental of residential property for vacation, leisure, or recreation purposes for fewer than 90 days by a person who has a place of permanent residence to which he or she intends to return.

7. Vacation rental agreement. – A written agreement between a landlord or his or her real estate broker and a tenant in which the tenant agrees to rent residential property belonging to the landlord for a vacation rental.

SECTION 1.2. G.S. 42A-19(b) reads as rewritten:

"(b) Except as otherwise provided in this subsection, upon termination of the landlord's interest in the residential property subject to a vacation rental agreement, whether by sale, assignment, death, appointment of receiver or otherwise, the landlord or the landlord's agent, or the real estate broker, shall, within 30 days, transfer all advance rent paid by the tenant, and the portion of any fees remaining after any lawful deductions made under G.S. 42A-16, to the landlord's successor in interest and thereafter notify the tenant by mail of such transfer and of the transferee's name and address. If a real estate broker is holding advanced rents paid by the tenant pursuant to a vacation rental agreement at the time of the termination of the landlord's interest, the real estate broker may deduct from the advanced rents transferred to the landlord's successor in interest any management fee earned by the real estate broker prior to the transfer. The written agency agreement between the landlord and the real estate broker shall govern when the fee has been earned. If the real estate broker deducts an earned management fee from the advanced rents, the landlord shall be responsible to the landlord's successor in interest for the amount deducted. For vacation rentals that end more than 180 days after the recording of the interest of the landlord's successor in interest, unless the landlord's successor in interest has agreed in writing to honor the vacation rental agreement, the landlord or the landlord's agent, or the real estate broker, shall, within 30 days, transfer all advance rent paid by the tenant, and the portion of any fees remaining after any lawful deductions made under G.S. 42A-16, to the tenant. Compliance with this subsection shall relieve the landlord or real estate broker of further liability with respect to any payment of rent or fees. Funds held as a security deposit shall be disbursed in accordance with G.S. 42A-18."

SECTION 1.3. Article 5 of Chapter 42A of the General Statutes reads as rewritten:

"Article 5.

"Landlord and Tenant Duties.

§ 42A-31. Landlord to provide fit premises.
A landlord of a residential property used for a vacation rental shall:

1. Comply with all current applicable building and housing codes to the extent required by the operation of the codes. However, no new requirement is imposed if a structure is exempt from a current building or housing code.

2. Provide a minimum of one operable carbon monoxide alarm per rental unit per level, either battery-operated or electrical, that is listed by a nationally recognized testing laboratory that is OSHA-approved to test and certify to
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American National Standards Institute/Underwriters Laboratories Standards ANSI/UL2034 or ANSI/UL2075, and install the carbon monoxide alarms in accordance with either the standards of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the landlord shall retain or provide as proof of compliance. A landlord that installs one carbon monoxide alarm per rental unit per level shall be deemed to be in compliance with standards under this subdivision covering the location and number of alarms. The landlord shall replace or repair the carbon monoxide alarms within three days of receipt of notification if the landlord is notified of needed replacement or repairs in writing by the tenant. At least every six months, the landlord shall ensure that a carbon monoxide alarm is operable and in good repair. Unless the landlord and the tenant have a written agreement to the contrary, the landlord shall place new batteries in a battery-operated carbon monoxide alarm annually and the tenant shall replace the batteries as needed during the tenancy. Failure of the tenant to replace the batteries as needed shall not be considered as negligence on the part of the tenant or the landlord. A carbon monoxide alarm may be combined with smoke alarms if the combined alarm does both of the following: (i) complies with ANSI/UL2034 or ANSI/UL2075 for carbon monoxide alarms and ANSI/UL217 for smoke alarms and (ii) emits an alarm in a manner that clearly differentiates between detecting the presence of carbon monoxide and the presence of smoke. This subdivision applies only to dwelling units having a fossil-fuel burning heater, appliance, or fireplace and in any dwelling unit having an attached garage. Any operable carbon monoxide detector installed before January 1, 2015, shall be deemed to be in compliance with this subdivision.

These duties shall not be waived; however, the landlord and tenant may make additional covenants not inconsistent herewith in the vacation rental agreement.

§ 42A-33. Responsibilities and liability of real estate broker.
(a) A real estate broker managing a vacation rental property on behalf of a landlord shall do all of the following:

1. Manage the property in accordance with the terms of the written agency agreement signed by the landlord and real estate broker.

2. Offer vacation rental property to the public for leasing in compliance with all applicable federal and State laws, regulations, and ethical duties, including, but not limited to, those prohibiting discrimination on the basis of race, color, religion, sex, national origin, handicapping condition, or familial status.

3. Notify the landlord regarding any necessary repairs to keep the property in a fit and habitable or safe condition and follow the landlord's direction in arranging for any such necessary repairs, including repairs to all electrical, plumbing, sanitary, heating, ventilating, and other facilities and major appliances supplied by the landlord upon written notification from the tenant that repairs are needed.

4. Verify that the landlord has installed operable smoke detectors and carbon monoxide alarms.

5. Verify that the landlord has annually placed new batteries in a battery-operated smoke detector or carbon monoxide alarm. Failure of the tenant to replace the batteries as needed shall not be considered negligence on the part of the real estate broker.

(b) A real estate broker or firm managing a vacation rental property on behalf of a landlord client shall not become personally liable as a party in any civil action between the
landlord and tenant solely because the real estate broker or firm fails to identify the landlord of the property in the vacation rental agreement.”

SECTION 1.4. Article 6 of Chapter 42A of the General Statutes is amended by adding a new section to read:

"§ 42A-37. Early termination of vacation rental agreement by military personnel.

(a) Any member of the Armed Forces of the United States who executes a vacation rental agreement and subsequently receives (i) an order for deployment with a military unit for a period overlapping with the rental period or (ii) permanent change of station orders requiring the member to relocate on a date prior to the beginning of the lease term may terminate the member's vacation rental agreement by providing the landlord or landlord's agent with a written notice of termination within 10 calendar days of receipt of the order. The notice must be accompanied by either a copy of the official military orders or a written verification signed by the member's commanding officer. Termination of a lease pursuant to this subsection is effective immediately upon receipt of the notice by the landlord or landlord's agent. All monies paid by the terminating member, with the exception of nonrefundable fees paid to third parties as described in G.S. 42-16(a), in connection with the vacation rental agreement shall be refunded to the member within 30 days of termination of the agreement.

(b) A member's termination of a vacation rental agreement pursuant to subsection (a) of this section shall also terminate any obligation a spouse or dependent of the member may have under the vacation rental agreement.

(c) The right to terminate a vacation rental agreement as described in subsection (a) of this section shall extend to the spouse of any member of the Armed Forces of the United States. A spouse exercising the right to terminate a rental agreement shall provide the same notice as described in subsection (a) of this section.

(d) The provisions of this section may not be waived or modified by the agreement of the parties."

SECTION 1.6. G.S. 42-44 reads as rewritten:

"§ 42-44. General remedies, penalties, and limitations.

... (c1) A real estate broker or firm as defined in G.S. 93A-2 managing a rental property on behalf of a landlord shall not be personally liable as a party in a civil action between the landlord and tenant solely because the real estate broker or firm fails to identify the landlord of the property in the vacation rental agreement."

SECTION 1.7. G.S. 42-46 reads as rewritten:

"§ 42-46. Authorized fees, late fees and eviction fees.

... (f) Court-Appearance Fee. – Pursuant to a written lease, a landlord may charge a court-appearance fee in an amount equal to ten percent (10%) of the monthly rent only if the tenant was in default of the lease, the landlord filed, served, and prosecuted successfully a complaint for summary ejectment and/or monies owed in the small claims court; and neither party appealed the judgment of the magistrate court. If the tenant appeals the judgment of the magistrate, and the magistrate's judgment is vacated, any fee awarded by a magistrate to the landlord under this subsection shall be vacated.

(g) Second Trial Fee. – Pursuant to a written lease, a landlord may charge a second trial fee for a new trial following an appeal from the judgment of a magistrate. To qualify for the fee, the landlord must prove that the tenant was in default of the lease and the landlord prevailed. The landlord's fee may not exceed twelve percent (12%) of the monthly rent in the lease.

(h) Limitations on Charging and Collection of Fees.

(1) A landlord who claims fees under subsections (e) through (g) of this section is entitled to charge and retain only one of the above fees for the landlord's complaint for summary ejectment and/or money owed.
(2) A landlord who earns a fee under subsections (e) through (g) of this section may not deduct payment of that fee from a tenant's subsequent rent payment or declare a failure to pay the fee as a default of the lease for a subsequent summary ejectment action.

(3) It is contrary to public policy for a landlord to put in a lease or claim any fee for filing a complaint for summary ejectment and/or money owed other than the ones expressly authorized by subsections (e) through (g) of this section, and a reasonable attorney's fee as allowed by law.

(4) Any provision of a residential rental agreement contrary to the provisions of this section is against the public policy of this State and therefore void and unenforceable.

(5) If the rent is subsidized by the United States Department of Housing and Urban Development, by the United States Department of Agriculture, by a State agency, by a public housing authority, or by a local government, any fee charged pursuant to this section shall be calculated on the tenant's share of the contract rent only, and the rent subsidy shall not be included."

SECTION 1.8. G.S. 93A-2(c)(6) reads as rewritten:

"(6) Any salaried person employed by a licensed real estate broker, for and on behalf of the owner of any real estate or the improvements thereon, which the licensed broker has contracted to manage for the owner, if the salaried employee's employment is limited to: exhibiting units on the real estate to prospective tenants; providing the prospective tenants with information about the lease of the units; accepting applications for lease of the units; completing and executing preprinted form leases; and accepting security deposits and rental payments for the units only when the deposits and rental payments are made payable to the owner or the broker employed by the owner. The salaried employee shall not negotiate the amount of security deposits or rental payments and shall not negotiate leases or any rental agreements on behalf of the owner or broker. However, in a vacation rental transaction as defined by G.S. 42A-4(3), G.S. 42A-4(6), the employee may offer a prospective tenant a rental price and term from a schedule setting forth prices and terms and the conditions and limitations under which they may be offered. The schedule shall be written and provided by the employee's employing broker with the written authority of the landlord."

SECTION 1.9. This Part becomes effective July 1, 2016. Nothing in this Part shall be construed as being applicable to or affecting any litigation pending on that date.

PART II. FACILITATE ORANGE COUNTY JAIL CONSTRUCTION

SECTION 2.1. Upon agreement by Orange County, the Department of Administration shall amend the land lease, recorded in Book 6085 at Page 494, Orange County Registry, to provide as follows:

(1) That Orange County may grant a leasehold deed of trust, with a duration of up to 40 years from the original lease date, in the land and the buildings on the land.

(2) That in the event of a default the mortgage holder may foreclose its security interest and evict the County from the premises.

(3) That both the date for commencement of construction and the date for completion of construction and occupation shall be extended by 18 months from the dates set forth in the original lease.

SECTION 2.2. Notwithstanding Chapter 146 of the General Statutes or any other provision of law, the lease amendments described in Section 2.1 of this act shall not require Governor or Council of State Approval.
SECTION 2.3. Once the lease amendments described in Section 2.1 of this act have been made, any term or provision of the lease that is contrary to the language of those amendments shall be deemed of no effect and the terms of the lease as amended shall control.

SECTION 2.4. The lease amendments required by this act shall be in such form as the Secretary of Administration, or the Secretary's designee, may approve.

PART III. EFFECTIVE DATE

SECTION 3.1. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-99  H.B. 169

AN ACT TO RESTORE THE STATE TORT CLAIM FOR WRONGFUL DISCHARGE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 143-422.3 reads as rewritten:

"§ 143-422.3. Investigations; conciliations.

The Human Relations Commission in the Department of Administration shall have the authority to receive charges of discrimination from the Equal Employment Opportunity Commission pursuant to an agreement under Section 709(b) of Public Law 88-352, as amended by Public Law 92-261, and investigate and conciliate charges of discrimination. Throughout this process, the agency shall use its good offices to effect an amicable resolution of the charges of discrimination. This Article does not create, and shall not be construed to create or support, a statutory or common law private right of action, and no person may bring any civil action based upon the public policy expressed herein."

SECTION 1.(b) This section is effective March 23, 2016.

SECTION 2. G.S. 1-54 is amended by adding a new subdivision to read:

"§ 1-54. One year.

Within one year an action or proceeding -

(1) Repealed by Session Laws 1975, c. 252, s. 5.
(2) Upon a statute, for a penalty or forfeiture, where the action is given to the State alone, or in whole or in part to the party aggrieved, or to a common informer, except where the statute imposing it prescribes a different limitation.
(3) For libel and slander.
(4) Against a public officer, for the escape of a prisoner arrested or imprisoned on civil process.
(5) For the year's allowance of a surviving spouse or children.
(6) For a deficiency judgment on any debt, promissory note, bond or other evidence of indebtedness after the foreclosure of a mortgage or deed of trust on real estate securing such debt, promissory note, bond or other evidence of indebtedness, which period of limitation above prescribed commences with the date of the delivery of the deed pursuant to the foreclosure sale: Provided, however, that if an action on the debt, note, bond or other evidence of indebtedness secured would be earlier barred by the expiration of the remainder of any other period of limitation prescribed by this subchapter, that limitation shall govern.
(7) Repealed by Session Laws 1971, c. 939, s. 2.
(7a) For recovery of damages under Article 1A of Chapter 18B of the General Statutes.
(8) As provided in G.S. 105-377, to contest the validity of title to real property acquired in any tax foreclosure action or to reopen or set aside the judgment in any tax foreclosure action.

(9) As provided in Article 14 of Chapter 126 of the General Statutes, entitled "Protection for Reporting Improper Government Activities".

(10) Actions contesting the validity of any zoning or unified development ordinance or any provision thereof adopted under Part 3 of Article 18 of Chapter 153A or Part 3 of Article 19 of Chapter 160A of the General Statutes or other applicable law, other than an ordinance adopting or amending a zoning map or approving a special use, conditional use, or conditional zoning district rezoning request. Such an action accrues when the party bringing such action first has standing to challenge the ordinance; provided that, a challenge to an ordinance on the basis of an alleged defect in the adoption process shall be brought within three years after the adoption of the ordinance.

(11) No suit, action, or proceeding under G.S. 14-190.5A(g) shall be brought or maintained against any person unless such suit, action, or proceeding is commenced within one year after the initial discovery of the disclosure, but in no event may the action be commenced more than seven years from the most recent disclosure of the private image.

(12) For wrongful discharge in violation of the public policy set forth in G.S. 143-422.2.

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-100

AN ACT TO MODERNIZE THE LAW GOVERNING THE USE OF ASSUMED BUSINESS NAMES AND TO MAKE RELATED CONFORMING AND TECHNICAL AMENDMENTS, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION; TO CLARIFY HOW THE INDUSTRIAL COMMISSION REFERS MATTERS OF INDIRECT CRIMINAL CONTEMPT TO THE DISTRICT COURT; TO REMOVE CERTAIN PROPERTY FROM THE STATE NATURE AND HISTORIC PRESERVE; AND TO AUTHORIZE THE DELETION OF VARIOUS PROPERTIES FROM THE STATE PARKS SYSTEM.

The General Assembly of North Carolina enacts:

PART I. ASSUMED BUSINESS NAME ACT

SECTION 1. Article 14 of Chapter 66 of the General Statutes is repealed.

SECTION 2. Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 14A. Assumed Business Name Act.

This Article may be cited as the "Assumed Business Name Act."

§ 66-71.2. Statement of purpose.
The purpose of this Article is to afford the public a means of ascertaining the real name of persons engaging in business in this State under an assumed business name by requiring those persons to register the assumed business name as provided in this Article.

§ 66-71.3. Definitions.
The following definitions apply in this Article:
(1) Assumed business name.
a. In the case of an individual, any name other than a real name of the individual.

h. In the case of a partnership other than a limited liability partnership or limited partnership, any name other than a real name of each of the general partners of the partnership.

c. In the case of a limited liability partnership, any name other than the name registered with the Secretary of State.

d. In the case of a limited partnership, any name other than the name stated in its certificate of limited partnership filed with the Secretary of State.

e. In the case of a limited liability company, any name other than the name stated in its articles of organization filed with the Secretary of State.

f. In the case of a corporation, any name other than the corporate name stated in its articles of incorporation filed with the Secretary of State.

g. In the case of a trust, any name other than the name specified in the trust instrument or, if the trust instrument does not specify a name for the trust, any name other than the name of the trustee and a designation of the trust for which the trustee is acting.

h. In the case of any other person, any name other than a real name of the person.

(2) Person. — Includes an individual, partnership, limited partnership, limited liability partnership, limited liability company, corporation, association, society, organization, joint venture, business trust, trust, governmental entity, or any other legal or commercial entity.

§ 66-71.4. Filing of certificate; exception.

(a) Before any person engages in business in this State under an assumed business name, the person must file an assumed business name certificate in the office of the register of deeds of the county in which the person is or will be engaged in business. If the person is or will be engaged in business in multiple counties, filing is required in only one of those counties.

(b) A person who engages in business in this State under more than one assumed business name must file an assumed business name certificate for each assumed business name. The person may, however, include no more than five assumed business names in one assumed business name certificate if that same person is or will be engaging in business under each of the assumed business names listed in the certificate.

(c) This Article does not apply to a political committee or a referendum committee that has filed a statement of organization with the State Board of Elections or a county board of elections as required by G.S. 163-278.7 or G.S. 163-278.9A, as applicable.

§ 66-71.5. Contents of certificate.

An assumed business name certificate must include:

(1) The assumed business name.

(2) A real name of the person engaging in business under the assumed business name. If the business is a partnership other than a limited liability partnership or limited partnership, the assumed business name certificate must include a real name of five general partners or of each general partner, whichever is fewer.

(3) The nature of the business.

(4) The street address of the principal place of business.

(5) Each county where the person uses or will be using the assumed business name to engage in business.

§ 66-71.6. Execution of certificate.

An assumed business name certificate must be executed as follows:

(1) In the case of an individual, the certificate must be signed by the individual.
(2) In the case of a partnership or limited partnership, the certificate must be signed by a general partner.

(3) In the case of a corporation or limited liability company, the certificate must be signed in the name of the corporation or limited liability company by an officer of the corporation or a manager of the limited liability company or by another individual authorized by law to act for the corporation or limited liability company.

(4) In the case of any other person, the certificate must be signed in the name of the person by an individual authorized to act for the person.

"§ 66-71.7. Amendment of certificate.
Any person that has filed an assumed business name certificate must, within 60 days after a change in any of the information required in the assumed business name certificate, file a certificate of amendment in the office of the register of deeds of the county in which the assumed business name certificate was filed. The certificate must be executed in the same manner as required under G.S. 66-71.6 for the execution of an assumed business name certificate and must set forth:

(1) The assumed business name and a real name of the person engaging in business under the assumed business name as stated in the original, or most recently amended, assumed business name certificate.
(2) The book and page number of the original filing.
(3) The identification number assigned to the assumed business name by the Secretary of State (SOS ID).
(4) How the assumed business name certificate is to be amended.

"§ 66-71.8. Withdrawal of assumed business name.
Any person filing an assumed business name certificate as required by this Article may, upon ceasing to engage in business in this State under the assumed business name, withdraw the assumed business name by filing a certificate of withdrawal in the office of the register of deeds of the county in which the assumed business name certificate was filed. The certificate must be executed in the same manner as required under G.S. 66-71.6 for the execution of an assumed business name certificate and must set forth:

(1) The assumed business name being withdrawn.
(2) The book and page number of the original filing.
(3) The identification number assigned to the assumed business name by the Secretary of State (SOS ID).
(4) A real name of the person engaging in business under the assumed business name and that person's current address.
(5) A statement that the person has ceased engaging in business under the assumed business name.
(6) The effective date of the withdrawal if it is not to be effective upon the filing of the certificate of withdrawal.

"§ 66-71.9. Secretary of State to maintain a centralized, statewide database of assumed business name information.
(a) The Secretary of State shall develop, implement, and maintain a searchable online database of assumed business name information reported under G.S. 66-71.10. The system must allow information to be entered and retrieved from the system by the registers of deeds and must be available for searches by the public.
(b) The Secretary of State may adopt rules to implement the statewide online database.

"§ 66-71.10. Register of deeds to index certificates; transmission of data to central database.
(a) The register of deeds of each county must index in accordance with Article 2 of Chapter 161 of the General Statutes every assumed business name with respect to which an assumed business name certificate, a certificate of amendment, or a certificate of withdrawal has been filed in that county.
§ 66-71.11. Forms.
(a) The Land Records Management Advisory Committee established under G.S. 147-54.3 may develop forms for the documents required or permitted to be filed by this Article, but their use is not mandatory.
(b) Any person, including the registers of deeds, may make available the forms developed under subsection (a) of this section.

(a) An assumed business name certificate filed under this Article is effective upon filing and remains in effect until withdrawn under G.S. 66-71.8.

§ 66-71.13. Copy of certificate prima facie evidence.
A copy of a certificate filed under this Article, duly certified by the register of deeds of the office in which it was filed, is prima facie evidence of the facts required to be stated in the certificate.

(a) A person signing a certificate under this Article that the person knows is false in any material respect with intent that the certificate be delivered to the register of deeds for filing is guilty of a Class 1 misdemeanor.
(b) A person failing to file an assumed business name certificate or a certificate of amendment as required by this Article is liable to any person injured by the failure for the reasonable expenses, including attorneys' fees, incurred by the person in ascertaining, for a reasonable purpose, the information required to be stated in the assumed business name certificate or certificate of amendment. Notwithstanding this subsection, a person is not liable for expenses caused by an error or ambiguity in describing the nature of the business in an assumed business name certificate under G.S. 66-71.5 or a certificate of amendment under G.S. 71.7.

§ 66-71.15. Expiration of certificates filed under Article 14; transition provisions.
(a) All certificates of assumed name filed under former Article 14 of this Chapter expire July 1, 2022, and the provisions of that former Article continue to apply to them until that date except as provided in this section. On or after that date, any person that (i) is listed as an owner of the business in a certificate of assumed name filed under that former Article and (ii) desires to continue engaging in business in this State under the assumed business name after that date must file an assumed business name certificate under this Article.
(b) At least one person listed as an owner of the business in a certificate of assumed name under former Article 14 of this Chapter must file an assumed business name certificate before the certificate of assumed name expires under subsection (a) of this section if any of the following occur:
(1) A general partnership would have been required to file a new certificate of assumed name under former G.S. 66-68(c) due to the withdrawal or addition of a partner.
(2) Any of the information in the certificate of assumed name required under former G.S. 66-68(a) has changed, and the person desires to continue engaging in business in this State.
(c) No person shall file a new certificate of assumed name under former Article 14 of this Chapter on or after July 1, 2017. Any document or other record filed on or after that date to
register an assumed business name is deemed to be filed under this Article, even if it is
described as a certificate of assumed name rather than an assumed business name certificate, or
if it expressly refers to former Article 14 of this Chapter.

(d) A person that filed a certificate of assumed name that has not expired may withdraw
the assumed name under the provisions of former G.S. 66-68(f). Any such withdrawal is
deemed to be a withdrawal under former G.S. 66-68(f), even if it is described as a withdrawal
under this Article.

(e) No person shall file a certificate of amendment under this Article to a certificate of
assumed name filed under former Article 14 of this Chapter. If any such amendment is
nevertheless filed, it is not effective as a certificate of amendment or as an assumed business
name certificate under this Article.

(f) The register of deeds shall not transmit a scanned image to the Secretary of State, or
enter any of the information required by G.S. 66-71.10 into the central database maintained by
the Secretary of State, of any withdrawal or transfer of an assumed name or any amendment to
a certificate of assumed name when the certificate of assumed name to which the withdrawal,
transfer, or amendment relates was filed before July 1, 2017.

(g) Other than this section, this Article does not apply to a certificate of assumed name
or a withdrawal of an assumed name under former Article 14 of this Chapter.

PART II. RELATED CONFORMING AND TECHNICAL AMENDMENTS TO OTHER
SECTIONS OF THE GENERAL STATUTES

SECTION 3.(a) G.S. 1-69.1 reads as rewritten:
"§ 1-69.1. Unincorporated associations and partnerships; suit by or against.
(a) Except as provided in subsection (b) of this section:
(1) All unincorporated associations, organizations or societies, or general or
limited partnerships, foreign or domestic, whether organized for profit or
not, may thereafter sue or be sued under the name by which they are
commonly known and called, or under which they are doing business, to the same extent as any other legal entity established by law and
without naming any of the individual members composing it.
(2) Any judgments and executions against any such association, organization or
society shall bind its real and personal property in like manner as if it were
incorporated.
(3) Any unincorporated association, organization, society, or general partnership
bringing a suit in the name by which it is commonly known and called must
allege the specific location of the recordation required by G.S. 66-68 that it
has filed a certificate of assumed name under former Article 14 of Chapter
66 of the General Statutes or an assumed business name certificate under
Article 14A of Chapter 66 of the General Statutes.
(b) Unincorporated nonprofit associations are subject to Chapter 59B of the General
Statutes and not this section."

SECTION 3.(b) Effective July 1, 2021, G.S. 1-69.1(a)(3), as amended by this
section, reads as rewritten:
"(3) Any unincorporated association, organization, society, or general partnership
bringing a suit in the name by which it is commonly known and called must
allege that it has filed a certificate of assumed name under former Article 14
of Chapter 66 of the General Statutes or an assumed business name
certificate under Article 14A of Chapter 66 of the General Statutes."

SECTION 4. G.S. 53-208.7(a) reads as rewritten:
"(a) Each application for a license under this Article shall be made in writing, under
oath, and in a form prescribed by the Commissioner. For all applicants, each application shall
contain:
SECTION 5. G.S. 55D-20(d) reads as rewritten:

"(d) The use of assumed business names or fictitious names, as provided for in Chapter 66 of the General Statutes, is not affected by this Chapter or by Chapter 55, 55A, 57D, or 59 of the General Statutes."

SECTION 6. G.S. 58-70-5 reads as rewritten:

"§ 58-70-5. Application to Commissioner for permit.

(a) Any person, firm, corporation or association desiring to secure a permit as provided by G.S. 58-70-1, shall make application to the Commissioner of Insurance for each location at which such the person, firm, corporation or association desires to carry on the collection agency business as hereinafter defined. Such defined in this Article. The applicant shall be entitled to a permit upon submission to the Commissioner of Insurance of the following:

1. The name, trade name if any, street address, and telephone number of the applicant, including any home office address and telephone number, if different.

2. If the applicant is a corporation,
   a. A certified copy of the board of director's resolution authorizing the submission of the application;
   b. An authenticated copy of the Articles of Incorporation and all amendments thereto;
   c. An authenticated copy of the bylaws or other governing instruments;
   d. If the applicant is a foreign corporation, a copy of the certificate of authority to transact business in this State issued by the North Carolina Secretary of State.

3. If the applicant is a partnership, an authenticated copy of the then current partnership agreement.

4. If an assumed business name is used, certificates showing that the assumed business name has been filed as required by Article 14A of Chapter 66 of the General Statutes.

5. A surety bond as required by G.S. 58-70-20. In the case of an alien corporation, the surety bond requirements shall be double the amount set by G.S. 58-70-20.

6. A completed statement by each stockholder owning ten percent (10%) or more of the applicant's outstanding voting stock and each partner, director, and officer actively engaged in the collection agency business, containing the name of the collection agency, the name and address of the individual completing the form, the positions held by the individual, each conviction of any criminal offense and any criminal charges pending other than minor traffic violations of the individual, and the name and address of three people not related to the individual who can attest to the individual's reputation for honesty and fair dealings.

7. A statement sworn to by an appropriate corporate officer, partner, or individual proprietor giving a description of the collection method to be employed in this State.

8. A statement certifying that there are no unsatisfied judgments against the applicant.

9. A list of all telephone numbers assigned to or to be used by the applicant in the operation of the collection agency.

10. The appropriate permit fee as required by G.S. 58-70-35.
(11) A balance sheet as of the last day of the month prior to the date of submission of the application, certified true and correct by a corporate officer, partner, or proprietor, setting forth the current assets, fixed assets, current liabilities, and positive net worth of the applicant.

(12) The address of the location at which the applicant will make those records of its collection agency business described in G.S. 58-70-25 available for inspection by the Commissioner of Insurance.

(13) A statement certifying that no officer, individual proprietor, or partner of the applicant has been convicted of a felony involving moral turpitude or any violation of any State or federal debt collection law.

(14) If the collection agency's office or records, as described in G.S. 58-70-25, are located outside of North Carolina, a statement sworn to by an appropriate corporate officer, partner, or individual proprietor consenting to and authorizing the reimbursement, to the Commissioner by the collection agency, of expenses incurred by the Commissioner in conducting routine examinations, audits, and in investigating written complaints against the collection agency or its employees. All reimbursements shall be paid to the Commissioner no more than 30 days after the date of billing. In the case of an alien corporation, the sworn statement must provide that the corporation will make available to the Commissioner for his or her inspection, in North Carolina, those records described in G.S. 58-70-25, at the expense of the corporation.

(15) If the applicant is a foreign corporation, a statement authorizing the Commissioner to be its agent for service of process, which shall be administered pursuant to the provisions of G.S. 58-16-30.

(b1) In addition to the information required by subsection (b) subdivision (a)(2) of this section, if the applicant is an alien corporation, the corporation must be owned or majority controlled ultimately by a parent entity incorporated or organized under the laws of the United States or any jurisdiction within the United States, and the alien corporation may only service accounts held by an affiliate or subsidiary of the same parent entity. For purposes of this subsection, "control" is defined by G.S. 58-19-5(2). Should the alien corporation be sold to an entity unrelated to the parent entity, notice shall be provided to the Department of the pending sale 30 days in advance of the sale. Provision of Form 8-K, properly filed with the Securities and Exchange Commission, shall be deemed compliance with the notice requirement of this subsection. In the event of a sale, the new parent entity shall provide evidence to the Department within 30 days of the sale of its and the alien corporation's compliance with the requirements of this section. In the event that the new parent entity does not provide the evidence within 30 days after the sale, the alien corporation's permit shall be automatically suspended until the Department is provided the evidence of compliance which is satisfactory to the Commissioner.

(c) If the applicant is a partnership, an authenticated copy of the then current partnership agreement;

(d) If the trade name is used, certificates showing that the trade name has been filed as required by G.S. 66-68;

(e) A surety bond as required by G.S. 58-70-20. In the case of an alien corporation, the surety bond requirements shall be double the amount set by G.S. 58-70-20;

(f) A completed statement by each stockholder owning ten percent (10%) or more of the applicant's outstanding voting stock and each partner, director, and officer actively engaged in the collection agency business, containing: the name of the collection agency, the name and address of the individual completing the form, the positions held by the individual, each conviction of any criminal offense and any criminal charges pending other than minor traffic violations of the individual, and the name and address of three people not related to the individual who can attest to the individual's reputation for honesty and fair dealings;
(g) A statement sworn to by an appropriate corporate officer, partner, or individual proprietor giving a description of the collection method to be employed in North Carolina;

(h) A statement certifying that there are no unsatisfied judgments against the applicant;

(i) A list of all telephone numbers assigned to, or to be used by the applicant in the operation of the collection agency;

(j) The appropriate permit fee as required by G.S. 58-70-35;

(k) A balance sheet as of the last day of the month prior to the date of submission of the application, certified true and correct by a corporate officer, partner, or proprietor, setting forth the current assets, fixed assets, current liabilities and positive net worth of the applicant;

(l) The address of the location at which the applicant will make those records of its collection agency business described in G.S. 58-70-25 available for inspection by the Commissioner of Insurance;

(m) A statement certifying that no officer, individual proprietor or partner of the applicant has been convicted of a felony involving moral turpitude, or any violation of any State or federal debt collection law.

(n) If the collection agency's office or records, as described in G.S. 58-70-25, are located outside of North Carolina, a statement sworn to by an appropriate corporate officer, partner, or individual proprietor consenting to and authorizing the reimbursement, to the Commissioner by the collection agency, of expenses incurred by the Commissioner in conducting routine examinations, audits, and in investigating written complaints against the collection agency or its employees. All reimbursements shall be paid to the Commissioner no more than 30 days after the date of billing. In the case of an alien corporation, the sworn statement must provide that the corporation will make available to the Commissioner for his inspection, in North Carolina, those records described in G.S. 58-70-25, at the expense of the corporation;

(o) If the applicant is a foreign corporation, a statement authorizing the Commissioner to be its agent for service of process, which shall be administered pursuant to the provisions of G.S. 58-16.30.

(p) In the case of an alien corporation, when the corporation is in violation of this Article, the parent entity must agree to cure the violation by the alien corporation.

(q) For purposes of this Article, the following definitions apply:

(1) "Alien corporation" means a company incorporated or organized under the laws of any jurisdiction outside of the United States.

(2) "Foreign corporation" means a company incorporated or organized under the laws of the United States or of any jurisdiction within the United States other than this State.

(r) If the applicant is a subsidiary in a holding company system and if the applicant's ultimate parent regularly files financial information with the U.S. Securities and Exchange Commission, in lieu of complying with subsection (k) subdivision (a)(11) of this section, the applicant may file the ultimate parent company's balance sheet as of the most recent fiscal year-end, as certified by the ultimate parent's independent auditors, and accompanied by a guarantee of the applicant's performance from the ultimate parent company for the benefit of the Department, limited to those portions of this Article that are applicable to the applicant.

(s) After a permit is issued by the Commissioner, the permittee's ultimate parent, as specified in subsection (r) of this section, shall remain responsible for the guarantee of performance as provided in subsection (r) of this section notwithstanding any change in the corporate structure of the ultimate parent company. If the permittee is acquired by any other person that has control over the permittee, the controlling person shall provide its own guarantee of performance as provided in subsection (r) of this section for the permittee to retain its permit. If the permittee does not have an ultimate parent company, it shall file its own balance sheet as specified in subsection (k) subdivision (a)(11) of this section."

SECTION 7. G.S. 59-84.1 reads as rewritten:
§ 59-84.1. Partnership to comply with “assumed name” statute; Assumed Business Name Act; income taxation.

(a) Every partnership other than a limited partnership shall comply with, and be subject to, the provisions of Articles 14, Articles 14A and 15 of Chapter 66 of the General Statutes in all cases in which the same Articles are applicable.

SECTION 8. G.S. 62-115 reads as rewritten:


No franchise shall be issued under this Article to two or more persons until such the persons have executed a partnership agreement, filed a copy of said—the agreement with the Commission, and indicated to the Commission, in writing, that they have complied with Article 14—Article 14A of Chapter 66 of the General Statutes relating to doing engaging in business under an assumed business name.

SECTION 9. G.S. 66-262 reads as rewritten:

§ 66-262. Filing information.

(a) Each filing submitted to the Secretary shall contain all of the following information:

(1) The name or names, including any assumed business names, under which the telephonic seller is doing or intends to do business in this State.

PART III. CLARIFY INDUSTRIAL COMMISSION REFERRAL OF INDIRECT CONTEMPT

SECTION 10. G.S. 97-80(h) reads as rewritten:

"(h) The Commission or any member or deputy thereof shall also have the same power as a judicial officer pursuant to Chapter 5A of the General Statutes to punish for criminal contempt, subject to the limitations thereunder, (i) for willful behavior committed during the sitting of the commissioner or deputy commissioner and directly tending to interrupt the proceedings; (ii) for willful disobedience of a lawful order of the Commission or a member or deputy thereof; or (iii) for willful refusal to be sworn or affirmed as a witness, or, when so sworn or affirmed, willful refusal to answer any legal and proper question when refusal is not legally justified. The Commission or any member or deputy thereof may issue an order of arrest as provided by G.S. 15A-305 when authorized by G.S. 5A-16 in connection with contempt proceedings. When the commissioner or deputy commissioner chooses not to proceed summarily pursuant to G.S. 5A-14, the proceedings shall be before a district court judge, and venue lies throughout the district where the order was issued directing the person charged to appear. To initiate plenary proceedings in district court for indirect criminal contempt, the Commission shall issue and file with the clerk of court an order to appear and show cause pursuant to G.S. 5A-15(a) and, if appropriate, an order for arrest pursuant to G.S. 5A-16(b) and G.S. 15A-305. A person found in criminal contempt may appeal in the manner provided for appeals in criminal actions to the superior court of the district in which the order of contempt was issued, and the appeal is by hearing de novo before a superior court judge."

PART IV. REMOVE PROPERTY FROM STATE NATURE AND HISTORIC PRESERVE AND AUTHORIZE DELETION OF PROPERTIES FROM STATE PARK SYSTEM

SECTION 11.(a) Article 25B of Chapter 143 of the General Statutes is amended by adding the following new sections to read:


(a) Notwithstanding the provisions of G.S. 143-260.10(23), the portion of that certain tract or parcel of property at Gorges State Park in Transylvania County, described in Deed Book 153, Page 083, and containing approximately 4.2 acres as shown as Tract "A" in a survey by E. Roger Raxter, Inc., entitled State of North Carolina and Blue Ridge Mountains RV Resort
Property Owners' Association, Inc., and dated March 20, 2016, is removed from the State Nature and Historic Preserve.

(b) The property described in subsection (a) of this section is deleted from the State Parks System pursuant to G.S. 143B-135.54.

(c) The State may only exchange this property for other property for the expansion of Gorges State Park or sell this land and use the proceeds for that purpose. The State shall not otherwise sell or exchange this land.


Notwithstanding the provisions of G.S. 143-260.10(15), the portion of that certain tract or parcel of property at Jockey's Ridge State Park in Dare County, described in Deed Book 222, Page 732, and Deed Book 227, Page 501, and containing 0.6 acres as shown in a survey by Timmons Group entitled Plat Showing a Proposed Dominion North Carolina Power Easement Across the Properties of the State of North Carolina (Jockey's Ridge State Park) and dated December 18, 2014, is removed from the State Nature and Historic Preserve.


(a) Notwithstanding the provisions of G.S. 143-260.10(26), the portion of that certain tract or parcel of property at Mitchell's Millpond State Natural Area in Wake County, described in Deed Book 4186, Page 756, and containing 0.08 acres as shown in a survey by the North Carolina Department of Transportation, Right-of-Way Branch, entitled State of North Carolina, Parcel 002, and dated March 11, 2015, is removed from the State Nature and Historic Preserve.

(b) The property described in subsection (a) of this section is deleted from the State Parks System pursuant to G.S. 143B-135.54.

(c) The State may only exchange this property for other property for the expansion of Mitchell's Millpond State Natural Area or sell this land and use the proceeds for that purpose. The State shall not otherwise sell or exchange this land.

SECTION 11. (b) Pursuant to G.S. 143B-135.54, the General Assembly authorizes the deletion of the following property from the State Parks System:

The portion of that certain tract or parcel of property at Hanging Rock State Park in Stokes County, described in Deed Book 267, Page 159, and containing approximately 1.5 acres as shown in a survey by C.E. Robertson & Associates, P.C. entitled Plat of Survey for North Carolina Division of Parks and Recreation showing "Camp Sertoma Tracts," Sheet 7 of 7, and dated June 18, 2015, and revised April 6, 2016; and the portion shown as Deed Overlap in a survey by C.E. Robertson & Associates, P.C. entitled Plat of Survey for North Carolina Division of Parks and Recreation showing "Camp Sertoma Tracts," Sheet 2 of 7, and dated June 18, 2015; and the portion of that certain tract or parcel of property in Stokes County described in Deed Book 368, Page 415, and containing approximately 1.058 acres as shown in a survey by C.E. Robertson & Associates, P.C. entitled Plat of Survey for North Carolina Division of Parks and Recreation showing "Camp Sertoma Tracts," Sheet 5 of 7, and dated June 18, 2015. The State may only exchange this property for other property for the expansion of Hanging Rock State Park or sell this land and use the proceeds for that purpose. The State shall not otherwise sell or exchange this land.

PART V. EFFECTIVE DATE AND APPLICABILITY PROVISIONS

SECTION 12. Sections 1 through 9 of this act become effective July 1, 2017, and do not affect a civil action or proceeding commenced or a right accrued before July 1, 2017. Sections 1 through 9 of this act become effective only if funds are appropriated by the 2015 General Assembly, 2016 Regular Session, to implement the provisions of G.S. 66-71.9, as enacted by Section 2 of this act. Section 10 of this act becomes effective October 1, 2016, and applies to proceedings for indirect criminal contempt filed on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.
AN ACT TO AUTHORIZE OWNERSHIP OF SERVICE ANIMALS OWNED BY THE STATE OR A UNIT OF LOCAL GOVERNMENT TO BE TRANSFERRED TO THE SERVICE ANIMAL'S HANDLER OR OTHER SPECIFIED PERSONS UPON THE SERVICE ANIMAL'S RETIREMENT FROM PUBLIC SERVICE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 4 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-187.4. Disposition of retired service animals.
(a) Upon determination that any service animal is no longer fit or needed for public service, the State or unit of local government may transfer ownership of the animal at a price determined by the State or unit of local government and upon any other terms and conditions as the State or unit of local government deems appropriate, to any of the following individuals, if that individual agrees to accept ownership, care, and custody of the service animal:

(1) The officer or employee who had normal custody and control of the service animal during the service animal's public service to the State or unit of local government.

(2) A surviving spouse, or in the event such officer or employee dies unsurvived by a spouse, surviving children of the officer or employee killed in the line of duty who had normal custody and control of the service animal during the service animal's public service to the State or unit of local government.

(3) An organization or program dedicated to the assistance or support of service animals retired from public service.

(b) For purposes of this section, the following definitions apply:

(1) "Service animal." – Any horse, dog, or other animal owned by the State or a unit of local government that performs law enforcement, public safety, or emergency service functions.

(2) "Unit of local government." – As defined in G.S. 159-7(b)(15)."

SECTION 2. This act is effective October 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.
limited to, libraries, arcades, amusement parks, recreation parks, and swimming pools, when minors are present.

(4) On the State Fairgrounds during the period of time each year that the State Fair is conducted, on the Western North Carolina Agricultural Center grounds during the period of time each year that the North Carolina Mountain State Fair is conducted, and on any other fairgrounds during the period of time that an agricultural fair is being conducted.

(b) Notwithstanding any provision of this section, a person subject to subsection (a) of this section who is the parent or guardian of a minor may take the minor to any location that can provide emergency medical care treatment if the minor is in need of emergency medical care.

(c) Subsection. The subdivisions of subsection (a) of this section are applicable only to persons required to register under this Article who have committed any of the following offenses, as follows:

(1) Subdivisions (1), (3), and (4) of subsection (a) of this section apply to persons required to register under this Article who have committed any of the following offenses:
   a. Any offense in Article 7B of this Chapter or any federal offense or offense committed in another state, which if committed in this State, is substantially similar to an offense in Article 7B of this Chapter.
   b. Any offense where the victim of the offense was under the age of 18 years at the time of the offense.

(2) Subdivision (2) of subsection (a) of this section applies to persons required to register under this Article if either of the following applies:
   a. The person has committed any offense in Article 7B of this Chapter or any federal offense or offense committed in another state, which if committed in this State is substantially similar to an offense in Article 7B of this Chapter, and a finding has been made in any criminal or civil proceeding that the person presents, or may present, a danger to minors under the age of 18.
   b. The person has committed any offense where the victim of the offense was under the age of 18 years at the time of the offense.

(d) A person subject to subsection (a) of this section who is a parent or guardian of a student enrolled in a school may be present on school property if all of the following conditions are met:

(1) The parent or guardian is on school property for the purpose for one of the following:
   a. To attend a conference at the school with school personnel to discuss the academic or social progress of the parents' or guardians' child; or
   b. The presence of the parent or guardian has been requested by the principal or his or her designee for any other reason relating to the welfare or transportation of the child.

(2) The parent or guardian complies with all of the following:
   a. Notice: The parent or guardian shall notify the principal of the school of the parents' or guardians' registration under this Article and of his or her presence at the school unless the parent or guardian has permission to be present from the superintendent or the local board of education, or the principal has granted ongoing permission for regular visits of a routine nature. If permission is granted by the superintendent or the local board of education, the superintendent or chairman of the local board of education shall inform the principal of the school where the parents' or guardians' will be present. Notification includes the nature of the parents' or guardians' visit and
the hours when the parent or guardian will be present at the school. The parent or guardian is responsible for notifying the principal's office upon arrival and upon departure. Any permission granted under this sub-subdivision shall be in writing.

b. Supervision: At all times that a parent or guardian is on school property, the parent or guardian shall remain under the direct supervision of school personnel. A parent or guardian shall not be on school property even if the parent or guardian has ongoing permission for regular visits of a routine nature if no school personnel are reasonably available to supervise the parent or guardian on that occasion.

e) A person subject to subsection (a) of this section who is eligible to vote may be present at a location described in subsection (a) used as a voting place as defined by G.S. 163-165 only for the purposes of voting and shall not be outside the voting enclosure other than for the purpose of entering and exiting the voting place. If the voting place is a school, then the person subject to subsection (a) shall notify the principal of the school that he or she is registered under this Article.

f) A person subject to subsection (a) of this section who is eligible under G.S. 115C-378 to attend public school may be present on school property if permitted by the local board of education pursuant to G.S. 115C-390.11(a)(2).

g) A juvenile subject to subsection (a) of this section may be present at a location described in that subsection if the juvenile is at the location to receive medical treatment or mental health services and remains under the direct supervision of an employee of the treating institution at all times.

(g1) Notwithstanding any provision of this section, a person subject to subsection (a) of this section who is required to wear an electronic monitoring device shall wear an electronic monitoring device that provides exclusion zones around the premises of all elementary and secondary schools in North Carolina.

h) A violation of this section is a Class H felony."

SECTION 2. The changes made in Section 1 of this act are effective unless either or both of the decisions of the United States District Court for the Middle District of North Carolina ruling G.S. 14-208.18(a)(2) and G.S. 14-408.18(a)(3) unconstitutional, as they existed prior to the enactment of this act, are stayed or overturned by a higher court on appeal, in which case the appropriate portion of the prior version of the statute to which the decision pertained is again effective as follows:

(1) If the ruling enjoining enforcement of G.S. 14-208.18(a)(2) is stayed or overturned, the changes made to subsection (c) of G.S. 14-208.18 by Section 1 of this act shall be repealed.

(2) If the ruling enjoining enforcement of G.S. 14-208.18(a)(3) is stayed or overturned, the changes made to subdivision (3) of subsection (a) of G.S. 14-208.18 by Section 1 of this act shall be repealed.

SECTION 3. This act becomes effective September 1, 2016, and applies to offenses committed on or after that date.

In the General Assembly read three times and ratified this the 29th day of June, 2016.

Session Law 2016-103

AN ACT TO ENACT THE NORTH CAROLINA PROVIDING ACCESS TO CAPITAL FOR ENTREPRENEURS AND SMALL BUSINESS ACT, TO PROVIDE PUBLIC DISCLOSURE OF WRITTEN DETERMINATIONS MADE BY THE DEPARTMENT OF REVENUE, AND TO PROHIBIT CITIES FROM CHARGING FEES FOR UTILITY USE OF RIGHT-OF-WAY.

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The General Assembly of North Carolina enacts:

PART I. THE NORTH CAROLINA PROVIDING ACCESS TO CAPITAL FOR ENTREPRENEURS AND SMALL BUSINESS ACT

SECTION 1. G.S. 78A-17 is amended by adding a new subdivision to read:

"(20) Any offer or sale of a security by an issuer if the offer or sale is conducted in accordance with G.S. 78A-17.1."

SECTION 2. Article 3 of Chapter 78A of the General Statutes is amended by adding a new section to read:

"§ 78A-17.1. Invest NC exemption.

(a) Exemption. – Except as otherwise provided in this Chapter, an offer or sale of a security by an issuer is exempt from G.S. 78A-24 and G.S. 78A-49(d) if the offer or sale is conducted in accordance with each of the following requirements:

(1) The issuer of the security is a business entity formed under the laws of the State and/or registered with the Secretary of State.

(2) The transaction meets the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), and/or SEC rule 147, 17 C.F.R. § 230.147.

(3) The sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption does not exceed the cap provided in this subdivision:

   a. One million dollars ($1,000,000), less the aggregate amount received for all sales of securities by the issuer made in reliance upon this exemption within the 12 months before the first offer or sale made in reliance upon this exemption, if the issuer has not undergone and made available to each prospective investor and the Administrator the documentation resulting from a financial audit or review with respect to its most recently completed fiscal year and meeting generally accepted accounting principles.

   b. Two million dollars ($2,000,000), less the aggregate amount received for all sales of securities by the issuer made in reliance upon this exemption within the 12 months before the first offer or sale made in reliance upon this exemption, if the issuer has undergone and made available to each prospective investor and the Administrator the documentation resulting from a financial audit or review with respect to its most recently completed fiscal year and meeting generally accepted accounting principles.

(4) The issuer has not accepted more than five thousand dollars ($5,000) from any single purchaser in an offering made in reliance upon this exemption in any 12-month period unless the purchaser is an accredited investor as defined by rule 501 of SEC regulation D, 17 C.F.R. § 230.501.

(5) Not less than 10 days prior to the commencement of an offering of securities in reliance on this exemption or the use of any publicly available Web site in connection with any such offering, the issuer shall file a notice with the Administrator, in writing or in electronic form as specified by the Administrator, containing the following:

   a. A notice of claim of exemption from registration, specifying that the issuer will be conducting an offering in reliance upon this exemption, accompanied by the filing fee as specified in this section.

   b. A copy of the disclosure statement to be provided to prospective investors in connection with the offering, containing the following:

      1. A description of the company, its type of entity, the address and telephone number of its principal office, its history, its business plan, and the intended use of the offering proceeds,
including any amounts to be paid, as compensation or otherwise, to any owner, executive officer, director, managing member, or other person occupying a similar status or performing similar functions on behalf of the issuer.

2. The identity of all persons owning more than ten percent (10%) of the ownership interests of any class of securities of the company.

3. The identity of the executive officers, directors, managing members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the issuer, including their titles and their prior experience.

4. The terms and conditions of the securities being offered and of any outstanding securities of the company, the minimum and maximum amount of securities being offered, if any, and either the percentage ownership of the company represented by the offered securities or the valuation of the company implied by the price of the offered securities.

5. The identity of any person who has been or will be retained by the issuer to assist the issuer in conducting the offering and sale of the securities, including any Web sites, but excluding persons acting solely as accountants or attorneys and employees whose primary job responsibilities involve the operating business of the issuer rather than assisting the issuer in raising capital, and for each person identified in response to this sub-sub-subdivision, a description of the consideration being paid to such person for such assistance.

6. A description of any litigation or legal proceedings involving the company or its management.

7. The names and addresses, including URL, of any Web sites that will be used in connection with the offering.

(6) The issuer is not, either before or as a result of the offering, an investment company, as defined in section 3 of the Investment Company Act of 1940, 15 U.S.C. § 8a-3, or an entity that would be an investment company but for the exclusions currently provided in section 3(c) of the Act, or subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m and 78o(d).

(7) The issuer shall inform all prospective purchasers under this section that the securities have not been registered under federal or State securities law and that the securities are subject to limitations on resale. The issuer shall display the following legend conspicuously on the cover page of the disclosure document:

"IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE
ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

(8) The issuer shall require each purchaser to certify in writing "I understand and acknowledge that:

a. I am investing in a high-risk, speculative business venture. I may lose all of my investment, and I can afford the loss of my investment.
b. This offering has not been reviewed or approved by any state or federal securities commission or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.
c. The securities I am acquiring in this offering are illiquid, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment, and that, accordingly, I may be required to hold this investment indefinitely.
d. I may be subject to tax on my share of the taxable income and losses of the company, whether or not I have sold or otherwise disposed of my investment or received any dividends or other distributions from the company."

(9) If the offer or sale of securities is made through an Internet Web site, the following requirements apply:

a. Prior to the offer of an investment opportunity to residents of this State through a Web site, the issuer shall provide to the Web site and to the Administrator evidence that the issuer is organized under North Carolina law or that it is authorized to do business within the State.
b. The issuer shall obtain from each purchaser of a security under this section evidence that the purchaser is a resident of North Carolina and, if applicable, an accredited investor.
c. The Web site operator shall register with the Administrator by filing a statement that it is a business entity that is organized under North Carolina law or that it is authorized to do business within the State and that it is being utilized to offer and sell securities pursuant to this exemption. As part of the registration, the Web site shall notify the Administrator of its and the issuer's identity, location, and contact information.
d. The issuer and the Web site must keep and maintain records of the offers and sales of securities effected through the Web site and must provide ready access to the records to the Administrator upon request. The Administrator may access, inspect, and review any Web site and its records.

(10) All payments for purchase of securities must be directed to and held by the bank or depository institution subject to the provisions of sub-subdivision (a)(5)c. of this section. The bank or depository institution shall notify the Administrator of the receipt of payments for securities and the identity and residence of the investors. The information shall be confidential and considered trade secrets within the scope of G.S. 132-1.2 while in the possession of the Administrator.

(11) No offers or sales of a security shall be made through an Internet Web site unless the Web site is registered with the Administrator pursuant to sub-subdivision (a)(9)c. of this section. The Web site shall not be subject to the registration provisions of G.S. 78A-36 provided that all of the following apply:
   a. It does not offer investment advice or recommendations.
   b. It does not solicit purchases, sales, or offers to buy the securities offered or displayed on the Web site.
   c. It does not compensate employees, agents, or other persons for the solicitation or based on the sale of securities displayed or referenced on the Web site.
   d. It is not compensated based on the amount of securities sold, and it does not hold, manage, possess, or otherwise handle investor funds or securities.
   e. It does not engage in such other activities as the Administrator, by rule, determines appropriate.

(12) An executive officer, director, managing member, or person occupying a similar status or performing similar functions in the name of and on behalf of the issuer shall be exempt from the registration provisions of G.S. 78A-36, provided that the person does not receive, directly or indirectly, any commission or remuneration for offering and selling securities of the issuer pursuant to this exemption.

(13) The issuer must provide a copy of the disclosure document provided to the Administrator pursuant to sub-subdivision (a)(5)b. of this section to each prospective investor at the time the offer of securities is made to the prospective investor. In addition to the information described in sub-subdivision (a)(5)b. of this section, the disclosure document provided to the Administrator and to prospective investors should include additional information material to the offering, including, where appropriate, a discussion of significant factors that make the offering speculative or risky. This discussion must be concise and organized logically and should not present risks that could apply to any issuer or any offering.

(b) Indexing. – The dollar limitations provided in subdivision (a)(3) of this section shall be cumulatively adjusted every fifth year by the Administrator to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, setting each dollar limitation to the nearest fifty thousand dollars ($50,000).

(c) Report. – An issuer of a security, the offer and sale of which is exempt under this section, shall provide a quarterly report to the issuer's investors until no securities issued under this section are outstanding. The report required by this subsection shall be free of charge. An issuer may satisfy the reporting requirement of this subsection by making the information available on an Internet Web site if the information is made available within 45 days of the end
of each fiscal quarter and remains available until the succeeding quarterly report is issued. An issuer shall file each such quarterly report with the Administrator and must provide a written copy of the report to any investor upon request. The report must contain each of the following:

(1) Compensation received by each director and executive officer, including cash compensation earned since the previous report and on an annual basis and any bonuses, stock options, other rights to receive securities of the issuer or any affiliate of the issuer, or other compensation received.

(2) An analysis by management of the issuer of the business operations and financial condition of the issuer.

(d) Offers and Sales to Controlling Persons. – The exemption provided in this section shall not be used in conjunction with any other exemption under this Chapter, except offers and sales to controlling persons shall not count toward the limitations in subdivision (3) or (4) of subsection (a) of this section. A controlling person is an officer, director, partner, trustee, or individual occupying similar status or performing similar functions with respect to the issuer or to a person owning ten percent (10%) or more of the outstanding shares of any class or classes of securities of the issuer.

(e) Disqualification. – The exemption allowed by this section shall not apply if an issuer or person affiliated with the issuer or offering is subject to any disqualification contained in 18 NCAC 06A .1207(a)(1) through (a)(6) or contained in rule 262 as promulgated under the Securities Act of 1933 (17 C.F.R. § 230.262). The provisions of this subsection shall not apply if (i) upon a showing of good cause and without prejudice to any other action by the Administrator, the Administrator determines that it is not necessary under the circumstances that an exemption be denied and (ii) the issuer establishes that it made factual inquiry into whether any disqualification existed under this subsection but did not know, and in the exercise of reasonable care could not have known, that a disqualification existed under this subsection. The nature and scope of the requisite inquiry will vary based on the circumstances of the issuer and the other offering participants.

(f) Rules. – To effectuate the general purpose of this section, the Administrator may adopt rules and issue orders that are necessary or appropriate in the public interest or for the protection of investors. The Administrator may also adopt rules and issue orders coordinating the interpretation and administration of this section with the related federal law and regulations.

(g) Fee. – The Administrator shall charge a nonrefundable filing fee of one hundred fifty dollars ($150.00) for filing an exemption notice required by subsection (a) of this section. The fees paid to the Administrator pursuant to this subsection shall be used to pay the costs incurred in administering and enforcing this Chapter. The revenue derived from the fee shall be credited to a nonreverting agency revenue account.

SECTION 3. G.S. 78A-49(d) reads as rewritten:

"(d) The Administrator may by rule or order require the filing of any prospectus, pamphlet, circular, form letter, advertisement, or other sales literature or advertising communication addressed or intended for distribution to prospective investors, unless the security or transaction is exempted by G.S. 78A-16 or 78A-17 (except G.S. 78A-17(9), (17), and (19)) and such exemption has not been denied or revoked under G.S. 78A-18 or the security is a security covered under federal law or the transaction is with respect to a security covered under federal law."

SECTION 4.(a) Notwithstanding any provision of Article 2A of Chapter 150B of the General Statutes, within 12 months of the effective date of this act, the Secretary of State shall adopt rules to implement the provisions of this act in accordance with the following procedure:

(1) At least 15 business days prior to adopting a rule, submit the rule and a notice of public hearing to the Codifier of Rules. The Codifier of Rules shall publish the proposed rule and the notice of public hearing on the Internet within five business days.

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(2) At least 15 business days prior to adopting a rule, notify persons on the mailing list maintained pursuant to G.S. 150B-21.2(d) and any other interested parties of the Secretary's intent to adopt a rule and of the public hearing.

(3) Accept written comments on the proposed rule for at least 15 business days prior to adoption of the rule.

(4) Hold at least one public hearing on the proposed rule no less than five days after the rule and notice have been published.

A rule adopted in accordance with this section becomes effective on the first day of the month following the month the Secretary adopts the rule and submits the rule to the Codifier of Rules for entry into the North Carolina Administrative Code.

SECTION 4.(b) Any rule adopted more than 12 months after the effective date of this act shall comply with the requirements of Article 2A of Chapter 150B of the General Statutes.

PART II. PUBLIC DISCLOSURE OF WRITTEN DETERMINATIONS MADE BY THE DEPARTMENT OF REVENUE

SECTION 5. Article 9 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-264.2. Publication of written determinations.

(a) Written Determinations. – A written determination applies the tax law to a specific set of existing facts furnished by a particular taxpayer. A written determination is applicable only to the individual taxpayer addressed and as such has no precedential value except to the taxpayer to whom the determination is issued.

(b) Publication. – The text of a written determination must be published on the Department's Web site within 90 days of the date the determination is provided to the taxpayer. The text of a written determination must be redacted as provided in subsection (c) of this section before it is published. The publication requirement of this section does not include disclosure of background file documents.

(c) Redacted Written Determinations. – The Secretary must redact all of the following from a written determination before it is published:

(1) The names, addresses, and other identifying details of the taxpayer to whom the written determination pertains.

(2) The names, addresses, and other identifying details of any other person referenced in the written determination.

(3) Information specifically exempted from disclosure by State or federal law.

(4) Trade secrets and commercial or financial information obtained from a person that is privileged or confidential.

(d) Liability. – The Secretary must determine the appropriate extent of the redactions. The Secretary is not liable for failure to make redactions unless the Secretary fails to make the redactions in intentional and willful disregard of this section, has agreed to redact the information, or has been ordered by a court to make the redaction.

(e) Definitions. – The following definitions apply in this section:

(1) Alternative apportionment ruling. – Written advice issued by the Secretary to a taxpayer pursuant to a written request by the taxpayer for alternative apportionment under G.S. 105-130.4(t1) or under G.S. 105-122(c1).

(2) Background file document. – Any one or more of the following:

a. The request for the written determination.

b. Any written materials submitted in support of the request.

c. Any communication between the Department and persons outside the Department in connection with the written determination.

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(3) Private letter ruling. – Written advice issued by the Secretary to a taxpayer pursuant to a written request by the taxpayer for specific advice under G.S. 105-264(b).

(4) Redetermination private letter ruling. – Written advice issued by the Secretary to a corporation under G.S. 105-130.5A concerning one or more of the following:
   a. Specific advice requested in writing by a corporation as to whether a redetermination of a corporation's State net income or a combined return is required by the Secretary, as provided under G.S. 105-130.5A(m).
   b. A determination and agreement made jointly between the Secretary and a corporation to an alternative filing methodology that accurately reports State net income, as provided under G.S. 105-130.5A(c).

(5) Written determination. – Any one or more of the following:
   a. An alternative apportionment ruling.
   b. A private letter ruling.
   c. A redetermination private letter ruling.

SECTION 6.

G.S. 105-264(d) reads as rewritten:

"(d) Fee. – The Secretary may charge a fee for providing specific written advice or a written determination at the request of a taxpayer. The fee is a receipt of the Department and must be applied to the costs of providing the specific advice or written determination. The proceeds of the fee must be credited to a special account within the Department and do not revert but remain in the special account until spent by the Department for the costs of providing the specific advice or written determination. The Secretary may adopt a tiered fee structure based on the taxpayer's income or gross receipts, the relative complexity of the advice requested, or the tax schedule for which advice is requested. The fee shall not be less than one hundred dollars ($100.00) or more than five thousand dollars ($5,000). The fee may be waived by the Secretary. The term "written determination" has the same meaning as defined in G.S. 105-264.2."

SECTION 7.

G.S. 105-259(b)(27) reads as rewritten:

"(27) To provide a publication or written determination required under this Chapter. The term "written determination" has the same meaning as defined in G.S. 105-264.2."

PART III. PROHIBIT CITIES FROM CHARGING FEES FOR UTILITY USE OF RIGHT-OF-WAY

SECTION 9.(a) G.S. 160A-296 reads as rewritten:
§ 160A-296. Establishment and control of streets; center and edge lines.

(a) A city shall have general authority and control over all public streets, sidewalks, alleys, bridges, and other ways of public passage within its corporate limits except to the extent that authority and control over certain streets and bridges is vested in the Board of Transportation. General authority and control includes but is not limited to all of the following:

(6) The power to regulate, license, and prohibit digging in the streets, sidewalks, or alleys, or placing therein or thereon any pipes, poles, wires, fixtures, or appliances of any kind either on, above, or below the surface. To the extent a municipality is authorized under applicable law to impose a fee or charge with respect to activities conducted in its rights-of-way, the fee or charge must apply uniformly and on a competitively neutral and nondiscriminatory basis to all comparable activities by similarly situated users of the rights-of-way. No fee or charge for activities conducted in the right-of-way shall be assessed on businesses listed in G.S. 160A-206(b), except the following:

a. Fees to recover any difference between a city's right-of-way management expenses related to the activities of businesses listed in G.S. 160A-206(b) and distributions under Article 5 of Chapter 105 of the General Statutes.

b. Payments under agreements subject to G.S. 62-350.

....

SECTION 9.(b) Subsection (a) of this section becomes effective July 1, 2017.

SECTION 9.(c) A city may not impose a fee or charge on businesses listed in G.S. 160A-206(b) for activities conducted in the city's right-of-way, except fees or charges not exceeding those in effect as of June 1, 2016, or payments under agreements subject to G.S. 62-350.

SECTION 9.(d) Subsection (c) of this section is effective when it becomes law and is repealed effective July 1, 2017.

PART IV. EFFECTIVE DATE

SECTION 10. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 29th day of June, 2016.
the Claims Processor for the Plan, including Claim Payment Data for each claim.

(2b) Claim Payment Data. – Data fields within a Claims Data Feed that reflect the provider and the amount the provider billed for services provided to a Plan member, the allowed amount applied to the claim by the Claims Processor, and the amount paid by the Plan on the claim. The term "Claim Payment Data" includes any document, material, or other work, whether tangible or electronic, that is derived from, is based on, or reflects any of the foregoing data fields or information contained therein. If the Claims Processor designates Claim Payment Data as a trade secret, the Claim Payment Data shall be treated as a trade secret as defined in G.S. 66-152(3).

SECTION 2. G.S. 135-48.10(a) reads as rewritten:

"§ 135-48.10. Confidentiality of information and medical records; provider contracts.

(a) Any information described in this section that is in the possession of the State Health Plan for Teachers and State Employees or its Claims Processor under the Plan or the Predecessor Plan shall be confidential and shall be exempt from the provisions of Chapter 132 of the General Statutes or any other provision requiring information and records held by State agencies to be made public or accessible to the public. This section shall apply to all information concerning individuals, including the fact of coverage or noncoverage, whether or not a claim has been filed, medical information, whether or not a claim has been paid, and any other information or materials concerning a Plan participant, including Claim Payment Data and any documents or other materials derived from the Claim Payment Data. This information may, however, be released to the State Auditor or to the Attorney General in furtherance of their statutory duties and responsibilities, or to such persons or organizations as may be designated and approved by the State Treasurer. Any information so released shall remain confidential as stated above and any party obtaining such information shall assume the same level of responsibility for maintaining such confidentiality as that of the State Health Plan for Teachers and State Employees."

SECTION 3. G.S. 135-48.32 reads as rewritten:

"§ 135-48.32. Contracts to provide benefits.

(a) The Plan benefits shall be provided under contracts between the Plan and the claims processors selected by the Plan. The State Treasurer may contract with a pharmacy benefits manager to administer pharmacy benefits under the Plan. Such contracts shall include the applicable provisions of this Article and the description of the Plan in the request for proposal, and shall be administered by the respective claims processor or Pharmacy Benefits Manager, which will determine benefits and other questions arising thereunder. The contracts necessarily will conform to applicable State law. If any of the provisions of this Article and the request for proposals must be modified for inclusion in the contract because of State law, such modification shall be made. The State Treasurer shall ensure that the terms of the contract between the Plan and the Plan's Claims Processing Contractor, the Pharmacy Benefit Manager, and the Disease Management Contractor require the contractor to provide the following:

(1) Detailed billing by each entity showing itemized cost information, including individual administrative services provided;

(2) Transactional data; and

(3) The cost to the Plan for each administrative function performed by the contractor.

(b) Unless otherwise directed by the Plan, each Claims Processor shall provide the Plan with a Claims Data Feed, which includes all Claim Payment Data, at a frequency agreed to by the Plan and the Claims Processor. The frequency shall be no less than monthly. The Claims Processor is not required to disclose Claim Payment Data that reflects rates negotiated with or agreed to by a noncontracted third party but, upon request, shall provide to the Plan sufficient
documentation to support the payment of claims for which Claim Payment Data is withheld on such basis.

(c) Any provision of any contract between a Claims Processor and a health care provider, subcontractor, or third party that would prevent or prohibit the Claims Processor from disclosing Claim Payment Data to the Plan, in accordance with this section, shall be void and unenforceable, but only to the extent the provision prevents and prohibits disclosure to the Plan.

(d) The Plan may use and disclose Claim Payment Data solely for the purpose of administering and operating the State Health Plan for Teachers and State Employees in accordance with G.S. 135-48.2 and the provisions of this Article. The Plan shall not make any use or disclosure of Claim Payment Data that would compromise the proprietary nature of the data or, as applicable, its status as a trade secret, or otherwise misappropriate the data.

(e) The Plan may not use a provider's Claim Payment Data to negotiate rates, fee schedules, or other master charges with that provider or any other provider.

(f) The Plan may disclose Claim Payment Data to a third party to use on the Plan's behalf as agreed upon between the Plan and the Claims Processor. The Plan must obtain the agreement of the Claims Processor for each third party to whom the Plan seeks to disclose Claim Payment Data and for each use the third party will make of the data. The Plan may not disclose Claim Payment Data to any third party without first entering into a contract with the third party that contains restrictions on the use and disclosure of the Claim Payment Data by the third party that are at least as restrictive as the provisions of this section.

(g) A Claims Processor who discloses Claim Payment Data in accordance with this section shall not incur any civil liability and shall not be subject to equitable relief in connection for the disclosure.

SECTION 4. G.S. 135-48.47(b) reads as rewritten:

"(b) Participation Requirements. – A local government unit may elect to participate in the State Health Plan. Participation shall be governed by the following:

(1) In order to participate, a local government unit must do the following:
   a. Pass a valid resolution expressing the local government's desire to participate in the Plan.
   b. Enter into a memorandum of understanding with the Plan that acknowledges the conditions of this section and this Article.
   c. Provide at least 90 days' notice to the Plan prior to entry and complete the requirements of this subdivision at least 60 days prior to entry.

(2) In order to participate, a local government unit and its employees must meet the federal requirements to participate in a governmental plan. The Plan may refuse participation to persons who would jeopardize the Plan's qualification as a governmental plan under federal law.

(2a) The Plan shall admit any local government unit that meets the administrative and legal requirements of this section, regardless of the claims experience of the local government unit group or the financial impact on the Plan.

(3) A local government unit shall determine the eligibility of its employees and employees' dependents and what portion of the premiums employees with pay to the local governments unit dependents.

(3a) The premiums employees pay to the local government unit for their own coverage shall conform to the premiums in the structure set by the Plan. The premiums employees pay to the local government unit for coverage of their dependents may be determined by the local government unit but may not exceed the premiums set by the Plan.

(4) Premiums for coverage and Plan options shall be the same as those offered to State employees and dependents on a fully contributory basis.

(5) The local government unit shall pay all premiums for all covered individuals directly to the Plan or the Plan's designee."
SECTION 5.(a) G.S. 135-48.47(c) reads as rewritten:
"(c) Enrollment Limitation. – Local governments may elect to participate until the number of employees and dependents of employees of local governments enrolled in the Plan reaches 16,000, after which time no additional local governments may join the Plan. Any local government electing to participate must have less than 1,000 employees and dependents enrolled in health coverage at the time the local government provides notice to the Plan of its desire to participate."

SECTION 5.(b) In admitting additional local governments as permitted by subsection (a) of this section, the Plan shall use the following transition schedule:
(1) Through June 30, 2017, the Plan may admit local governments until the number of employees and dependents of employees of local governments enrolled in the Plan reaches 13,500.
(2) Through January 31, 2018, the Plan may admit local governments until the number of employees and dependents of employees of local governments enrolled in the Plan, plus the estimated number of employees and dependents of employees of local governments that completed the Plan's Notice of Participation and Information Sheet prior to April 1, 2016, but that are not yet enrolled in the Plan reaches 16,000.
(3) After January 31, 2018, only the limitations of G.S. 135-48.47 will apply. Notwithstanding the schedule above, the Plan may admit a local government that completed the Plan's Notice of Participation and Information Sheet prior to April 1, 2016, unless the limitation of 16,000 is reached.

SECTION 6. G.S. 135-48.47 is amended by adding a new subsection to read:
"(d) Local governments participating in the Plan as of April 1, 2016, may elect to withdraw from participating in the Plan effective January 1, 2017. Notice of withdrawal must be given by the local government to the Plan no later than September 15, 2016."

SECTION 7. Part 4 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:
"§ 135-48.49. IRC sections 6055 and 6056 regulatory reporting. The Plan shall be responsible for reporting coverage for retirees and coverage for direct bill members, except for individuals participating in Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, as required by section 6055 of the Internal Revenue Code. The Plan shall provide employing units with access to Plan data necessary for employing units to meet filing requirements under sections 6055 and 6056 of the Internal Revenue Code. The Plan may facilitate the availability of a reporting solution; however, the employing unit is responsible for paying all costs associated with the use of any reporting solution made available by the Plan."

SECTION 8. G.S. 58-3-167 reads as rewritten:
"§ 58-3-167. Applicability of acts of the General Assembly to health benefit plans. (a) As used in this section:
(1) "Health benefit plan" means an accident and health insurance policy or certificate; a nonprofit hospital or medical service corporation contract; a health maintenance organization subscriber contract; a plan provided by a multiple employer welfare arrangement; or a plan provided by another benefit arrangement, to the extent permitted by the Employee Retirement Income Security Act of 1974, as amended, or by any waiver of or other exception to that act provided under federal law or regulation. "Health benefit plan" does not mean any plan implemented or administered by the North Carolina or United States Department of Health and Human Services, or any successor agency, or its representatives. "Health benefit plan" does not mean any plan implemented or administered by the State Health Plan for Teachers and State Employees. "Health benefit plan" does not mean any plan consisting of one or more of any combination of benefits described in G.S. 58-68-25(b)."
AN ACT TO CLARIFY THE REQUIREMENTS FOR INITIAL LICENSURE AS A PROFESSIONAL ENGINEER AND TO ALLOW NORTH CAROLINA PUBLIC SCHOOLS TO REDUCE COSTS BY ALLOWING THE EMPLOYMENT OF LICENSED SCHOOL MAINTENANCE PLUMBERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 89C-13 reads as rewritten:

"§ 89C-13. General requirements for licensure.
(a) Engineer Applicant.—The following shall be considered as minimum evidence satisfactory to the Board that the applicant is qualified for licensure as a professional engineer:
   (1) To be certified as an engineer intern, an applicant shall (i) pass the fundamentals of engineering examination and make application to the Board, (ii) be of good character and reputation, (iii) submit three character references to the Board, one of whom is a professional engineer, (iv) comply with the requirements of this Chapter, and (v) meet one of the following requirements:
      a. Education.—Be a graduate of an engineering curriculum or related science curriculum of four years or more, approved by the Board as being of satisfactory standing.
      b. Education and experience.—Be a graduate of an engineering curriculum or related science curriculum of four years or more, other than curriculums approved by the Board as being of satisfactory standing, or possess equivalent education and engineering experience satisfactory to the Board with a specific record of four or more years of progressive experience on engineering projects of a grade and character satisfactory to the Board.
   (1a) To be licensed as a professional engineer, an applicant shall (i) be of good character and reputation, (ii) submit five character references to the Board, three of whom are professional engineers or individuals acceptable to the Board with personal knowledge of the applicant's engineering experience, (iii) comply with the requirements of this Chapter, and (iv) meet one of the following requirements:
      a. Licensure by Comity or Endorsement.—A person holding a certificate of licensure to engage in the practice of engineering, on the basis of comparable qualifications, issued to the person by a proper authority of a state, territory, or possession of the United States, the District of Columbia, or of any foreign country possessing credentials that, based on verifiable evidence, in the opinion of the Board, of a standard not lower than that in effect in this State at the time the certificate was issued, may upon application, be licensed without further examination, except as required to examine the applicant's knowledge of laws, rules, and requirements unique to North Carolina.
      b. E.I. Certificate, Experience, and Examination.—A holder of a certificate of engineer intern and with a specific record of an
additional four years or more of progressive experience on engineering projects of a grade and character which indicates to the Board that the applicant may be competent to practice engineering shall be admitted to the principles and practice of engineering examination. Upon passing the examination, the applicant shall be granted a certificate of licensure to practice professional engineering in this State, provided the applicant is otherwise qualified.
e.
Graduation, Experience, and Examination. – A graduate of an engineering curriculum of four years or more approved by the Board as being of satisfactory standing shall be admitted to the fundamentals of engineering examination and with a specific record of an additional four years or more of progressive experience on engineering projects of a grade and character that indicates to the Board that the applicant may be competent to practice engineering, the principles and practice of engineering examination. Upon passing the examinations, the applicant shall be granted a certificate of licensure to practice professional engineering in this State, provided the applicant is otherwise qualified.
d.
Graduation, Experience, and Examination. – A graduate of an engineering or related science curriculum of four years or more, other than the ones approved by the Board as being of satisfactory standing or with an equivalent education and engineering experience satisfactory to the Board shall be admitted to the fundamentals of engineering examination and with a specific record of an additional eight years or more of progressive experience on engineering projects of a grade and character that indicates to the Board that the applicant may be competent to practice engineering, the principles and practice of engineering examination. Upon passing the examinations, the applicant shall be granted a certificate of licensure to practice professional engineering in this State, provided the applicant is otherwise qualified.
e.
Long-Established Practice. – A person with a specific record of 20 years or more of progressive experience on engineering projects of a grade and character which indicates to the Board that the applicant may be competent to practice engineering shall be admitted to the principles and practice of engineering examination. Upon passing the examination, the applicant shall be granted a certificate of licensure to practice professional engineering in this State, provided the applicant is otherwise qualified.
f.
Full-time faculty. – Full-time engineering faculty members who teach in an approved engineering program offering a four-year or more degree approved by the Board, may request and be granted waiver of the fundamentals of engineering examination. The faculty applicant shall document that the degree meets the Board’s requirement. The faculty applicant shall then be admitted to the principles and practice of engineering examination.
g.
Doctoral degree. – A person possessing an earned doctoral degree in engineering from an institution in which the same discipline undergraduate engineering program has been accredited by ABET (EAC) may request and be granted waiver of the fundamentals of engineering examination. The doctoral degree applicant shall document that the degree meets the Board’s requirement. The
doctoral degree applicant shall then be admitted to the principles and practice of engineering examination.

At its discretion the Board may require an applicant to submit exhibits, drawings, designs, or other tangible evidence of engineering work which the applicant personally accomplished or supervised. Engineer Intern. – To be certified as an engineer intern, an applicant shall (i) pass the fundamentals of engineering examination and make application to the Board, (ii) be of good character and reputation, (iii) submit three character references to the Board, one of whom is a professional engineer, (iv) comply with the requirements of this Chapter, and (v) meet one of the following requirements:

1. Education. – Be a graduate of an EAC/ABET accredited engineering curriculum or of a related science curriculum which has been approved by the Board as being of satisfactory standing.

2. Education and experience. – Be a graduate of an engineering curriculum or related science curriculum of four years or more, other than curriculums approved by the Board as being of satisfactory standing in subdivision (1) of this subsection, and possess engineering experience satisfactory to the Board with a specific record of four or more years of progressive experience on engineering projects of a grade and character satisfactory to the Board.

(a1) Engineer Applicant. – To be licensed as a professional engineer, an applicant (i) shall be of good character and reputation, (ii) submit five character references to the Board, three of whom are professional engineers or individuals acceptable to the Board with personal knowledge of the applicant's engineering experience, (iii) comply with the requirements of this Chapter, and (iv) meet the requirements related to education, examination, and experience set forth in this subsection. An applicant seeking licensure as a professional engineer shall meet the following requirements:

1. Education requirement. – Possess one or more of the following educational qualifications:
   a. A bachelor's degree in engineering from an EAC/ABET accredited program or in a related science curriculum which has been approved by the Board as being of satisfactory standing.
   b. A bachelor's degree in an engineering curriculum or related science curriculum of four years or more, other than curriculums approved by the Board as being of satisfactory standing in sub-subdivision a. of this subdivision.
   c. A master's degree in engineering from an institution that offers EAC/ABET accredited programs.
   d. An earned doctoral degree in engineering from an institution that offers EAC/ABET accredited programs and in which the degree requirements are approved by the Board.

2. Examination requirements. – Take and pass the Fundamentals of Engineering (FE) examination. Take and pass the Principles and Practice of Engineering (PE) examination as provided by G.S. 89C-15, after having met the education requirement set forth in subdivision (1) of this subsection.

3. Experience requirement. – Present evidence satisfactory to the Board of a specific record of progressive engineering experience that is of a grade and character that indicates to the Board that the applicant is competent to practice engineering. The Board may adopt rules to specify the years of experience required based on educational attainment, provided the experience requirement for an applicant who qualifies under sub-subdivision (1)a. of this subsection shall be no less than four years and for an applicant who qualifies under sub-subdivision (1)b. of this subsection, no less than eight years.
For purposes of this subsection, the term "EAC/ABET" means the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology.

(a2) Licensure by Comity or Endorsement. – A person holding a certificate of licensure to engage in the practice of engineering, on the basis of comparable qualifications, issued to the person by a proper authority of a state, territory, or possession of the United States, the District of Columbia, or of any foreign country possessing credentials that, based on verifiable evidence, in the opinion of the Board, of a standard not lower than that in effect in this State at the time the certificate was issued, may upon application, be licensed without further examination, except as required to examine the applicant's knowledge of laws, rules, and requirements unique to North Carolina.

(a3) Long-Established Practice. – A person with a specific record of 20 years or more of progressive experience on engineering projects of a grade and character which indicates to the Board that the applicant may be competent to practice engineering shall be admitted to the Principles and Practice of Engineering examination. Upon passing the examination, the person shall be granted a certificate of licensure to practice professional engineering in this State, provided the person is otherwise qualified.

(a4) Exceptions. – The following persons may apply for and be granted waiver of the fundamentals of engineering examination and admission to the principles and practice of engineering examination:

(1) A full-time engineering faculty member who teaches in an approved engineering program offering a four-year or more degree approved by the Board. The faculty member applicant shall document that the degree meets the Board's requirements.

(2) A person possessing an earned doctoral degree in engineering from an institution in which the same discipline undergraduate engineering program has been accredited by EAC/ABET. The doctoral degree applicant shall document that the degree meets the Board's requirements.

(b) Land Surveyor Applicant. – The evaluation of a land surveyor applicant's qualifications shall involve a consideration of the applicant's education, technical, and land surveying experience, exhibits of land surveying projects with which the applicant has been associated, and recommendations by references. The land surveyor applicant's qualifications may be reviewed at an interview if the Board determines it necessary. Educational credit for institute courses, correspondence courses, or other courses shall be determined by the Board.

SECTION 2. G.S. 87-21(b) reads as rewritten:

"§ 87-21. Definitions; contractors licensed by Board; examination; posting license, etc.

(b) Classes of Licenses; Eligibility and Examination of Applicant; Necessity for License. –

(1) In order to protect the public health, comfort and safety, the Board shall establish two classes of licenses: Class I covering all plumbing, heating, and fire sprinkler systems for all structures, and Class II covering plumbing and heating systems in single-family detached residential dwellings.

(2) Restricted licenses or classifications. –

a. The Board shall establish and issue a fuel piping license for use by persons who do not possess the required Class I or Class II plumbing or heating license, but desire to engage in the contracting or installing of fuel piping extending from an approved fuel source at or near the premises, which piping is used or may be used to supply fuel to any systems, equipment, or appliances located inside the premises.

b. The Board shall establish and issue a limited plumbing contractor license for use by persons who do not possess the required Class I or
Class II plumbing license but desire to engage in the contracting or installation, repair, or replacement of either of the following:
1. Exterior potable water service lines or backflow preventers serving irrigation systems or domestic water service systems of two inch diameter or smaller.
2. Exterior building sewer or water service piping of two inch diameter or smaller.

c. The Board may also establish additional restricted classifications to provide for: (i) the licensing of any person, partnership, firm, or corporation desiring to engage in a specific phase of heating, plumbing, or fire sprinkling contracting; (ii) the licensing of any person, partnership, firm, or corporation desiring to engage in a specific phase of heating, plumbing, or fire sprinkling contracting that is an incidental part of their primary business, which is a lawful business other than heating, plumbing, or fire sprinkling contracting; or (iii) the licensing of persons desiring to engage in contracting and installing fuel piping from an approved fuel source on the premises to a point inside the residence shall establish and issue:
1. A State and local government plumbing, heating group number one, heating group number two, or heating group number three technician license for use by persons who do not possess the required plumbing, heating group number one, heating group number two, or heating group number three contractor license but desire to engage in the installation, repair, or replacement of plumbing, heating group number one, heating group number two, or heating group number three solely as an employee of a State or local government agency.
2. A State and local government plumbing, heating group number one, heating group number two, or heating group number three technician license for use by persons who do possess the required plumbing, heating group number one, heating group number two, or heating group number three contractor license but also desire to engage in the installation, repair, or replacement of plumbing, heating group number one, heating group number two, or heating group number three as an employee of a State or local government agency without listing their contractor license in the name of the State or local government agency. Licensed contractors who obtain the State and local government technician license shall be allowed to contract and perform work under their contractor license only during hours such contractor is not actively employed with the State or local government as a technician, and is on-site carrying out the contracting activity personally. No work can be performed by the State or local government agency in reliance upon the technician license when the licensee is not present.

"SECTION 3. G.S. 87-26 is amended by adding a new subsection to read:

§ 87-26. Corporations; partnerships; persons doing business under trade name.
(a) A license may be issued in the name of a corporation, provided, one or more officers, or full time employee or employees, or both, empowered to act for the corporation, are licensed in accordance with the provisions of this Article; and provided such officers or
employee or employees shall execute contracts to the extent of their license qualifications in the name of the said corporation and exercise general supervision over the work done thereunder.

(b) A license may be issued in the name of a partnership provided one or more general partners, or full time employee or employees empowered to act for the partnership, are licensed in accordance with the provisions of this Article, and provided such general partners or employee or employees shall execute contracts to the extent of their license qualifications in the name of the said partnership, and exercise general supervision over the work done thereunder.

(c) A license may be issued in an assumed or designated trade name, provided the owner of the business conducted thereunder, or full time employee or employees empowered to act for the owner, are licensed in accordance with the provisions of this Article; and such owner or employee or employees shall execute contracts to the extent of their license qualifications, in the said trade name, and exercise general supervision over the work done thereunder.

(d) A certificate of license may be issued in accordance with the provisions of this Article upon payment of the annual license fee by such corporation, partnership, or owner of the business conducted under an assumed or designated trade name, as the case may be, and the names and qualifications of individual licensee or licensees connected therewith shall be indicated on the aforesaid license.

(e) It shall be necessary that persons licensed in accordance with the provisions of this section shall exercise general supervision over contracts to completion.

(f) Nothing in this section shall be deemed to limit the ability of a licensee under this Article who is regularly employed by a local board of education to maintain an individual license or to contract or perform work during the hours the licensee is off-duty from the regular employer."

SECTION 4. G.S. 115C-524 is amended by adding a new subsection to read: "§ 115C-524. Repair of school property; use of buildings for other than school purposes.

(a) Repair of school buildings is subject to the provisions of G.S. 115C-521(c) and (d).

(a1) Local boards of education may employ personnel who are licensed to perform maintenance and repairs on school property for plumbing, heating, and fire sprinklers pursuant to Article 2 of Chapter 87 of the General Statutes.

(b) It shall be the duty of local boards of education and tax-levying authorities, in order to safeguard the investment made in public schools, to keep all school buildings in good repair to the end that all public school property shall be taken care of and be at all times in proper condition for use. It shall be the duty of all principals, teachers, and janitors to report to their respective boards of education immediately any unsanitary condition, damage to school property, or needed repair. All principals, teachers, and janitors shall be held responsible for the safekeeping of the buildings during the school session and all breakage and damage shall be repaired by those responsible for same, and where any principal or teacher shall permit damage to the public school buildings by lack of proper discipline of pupils, such principal or teacher shall be held responsible for such damage: Provided, principals and teachers shall not be held responsible for damage that they could not have prevented by reasonable supervision in the performance of their duties.

...."

SECTION 5. This act becomes effective October 1, 2016.
In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-106

AN ACT TO AUTHORIZE LONGLEAF SCHOOL OF THE ARTS TO ELECT TO PARTICIPATE IN THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES.
The General Assembly of North Carolina enacts:

SECTION 1. Notwithstanding the time limitation contained in G.S. 135-48.54, the Board of Directors of Longleaf School of the Arts, a charter school located in Raleigh, may elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The election authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-48.54.

SECTION 2. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-107

S.B. 508

AN ACT TO MAKE VARIOUS AMENDMENTS TO THE BAIL BOND, COLLECTION AGENCY, AND CRIMINAL MEDIATION LAWS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 15A-534 reads as rewritten:

"§ 15A-534. Procedure for determining conditions of pretrial release.

... 

(d) The judicial official authorizing pretrial release under this section must issue an appropriate order containing a statement of the conditions imposed, if any; inform the defendant in writing of the penalties applicable to violations of the conditions of his release; and advise him that his arrest will be ordered immediately upon any violation. The order of release must be filed with the clerk and a copy given the defendant and any surety, or the agent thereof who is executing the bond for the defendant's release pursuant to that order.

... 

(h) A bail bond posted pursuant to this section is effective and binding upon the obligor throughout all stages of the proceeding in the trial division of the General Court of Justice until the entry of judgment in the district court from which no appeal is taken or the entry of judgment in the superior court. The obligation of an obligor, however, is terminated at an earlier time if:

(1) A judge authorized to do so releases the obligor from his bond; or
(2) The principal is surrendered by a surety in accordance with G.S. 15A-540; or
(3) The proceeding is terminated by voluntary dismissal by the State before forfeiture is ordered under G.S. 15A-544.3; or
(4) Prayer for judgment has been continued indefinitely in the district court; or
(5) The court has placed the defendant on probation pursuant to a deferred prosecution or conditional discharge.

...

" SECTION 2. G.S. 15A-544.7(d) reads as rewritten:

"(d) Sureties. – After a final judgment is docketed as provided in this section, no surety named in the judgment shall become a surety on any bail bond in the county in which the judgment is docketed until the judgment is satisfied in full. In addition, no professional bail bondsman, bail agent, or runner whose name appears on a bond posted in that person's licensed capacity for which a final judgment of forfeiture has been entered shall sign any bond in any licensed capacity statewide until the judgment is satisfied in full."

SECTION 3. G.S. 58-71-80 reads as rewritten:

"§ 58-71-80. Grounds for denial, suspension, probation, revocation, or nonrenewal of licenses.
(a) The Commissioner may deny, place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for any one or more of the following causes:

... (14d) Failure to pay State or federal income tax or any liens that result from such failure to comply with any administrative or court order directing payment of State or federal income tax after entry of a final judgment or order finding the violation to have been willful...

(d) The Commissioner shall retain the authority to enforce the provisions of, and impose any penalty or remedy authorized by, this Chapter against any person who is under investigation for or charged with a violation of this Chapter even if the person's license or registration has been surrendered or has lapsed.

(e) Notwithstanding the notice and hearing requirements of subsection (a) of this section or G.S. 58-71-85, and in addition to the authority granted to the Commissioner under G.S. 150B-3, the Commissioner may order summary suspension of a license upon a written finding of good cause to believe that emergency action is required to protect the public health, safety, or welfare or to avoid a significant risk of unsatisfied bond forfeitures. The order shall be effective on the date specified in the order or upon service of the certified copy of the order at the last known address of the licensee, whichever is later, and shall remain effective during the proceedings to suspend, revoke, or refuse renewal provided for in this section. Those proceedings shall be promptly commenced and determined.

SECTION 4. G.S. 58-71-75 reads as rewritten:

"§ 58-71-75. License renewal; criminal history record checks; renewal fees.

(a) Annual Biennial Renewal. – A license of a bail bondsman and a license of a runner shall be renewed on July 1 of each even year upon payment of the applicable annual biennial renewal fee. In even-numbered years, in addition to paying the annual biennial renewal fee, an applicant seeking renewal must submit an application for renewal in accordance with this section. The Commissioner is not required to print renewal licenses.

(b) Renewal Application. – In even-numbered years, a bail bondsman or runner seeking to renew a license shall provide the Commissioner, not less than 30 days prior to the expiration date of the bail bondsman's or runner's current license, all of the following:

1. A renewal application containing all of the following:
   a. Proof that the applicant is a resident of this State as required by G.S. 58-71-50(c).
   b. Proof that the applicant meets the qualifications set out in G.S. 58-71-50(b)(5) through G.S. 58-71-50(b)(7).
   c. The information required by G.S. 58-2-69.

2. The annual biennial renewal fee as provided in subsection (d) of this section.

3. A complete set of fingerprints of the bail bondsman or runner and a fee to cover the cost of conducting the criminal history record check. The fingerprints shall be submitted in the manner prescribed by the Commissioner and shall be certified by an authorized law enforcement officer.

(c) Criminal History Record Check. – Upon receipt of a license renewal application in an even-numbered year, for every other biennial license renewal cycle, the Commissioner shall conduct a criminal history record check of the applicant seeking renewal in accordance with G.S. 58-71-51. Along with the renewal application requirements provided in subsection (b) of this section, a bail bondsman or runner seeking to renew a license every other biennial license renewal cycle shall provide the Commissioner with a complete set of fingerprints of the bail bondsman or runner and a fee to cover the cost of conducting the criminal history record check. The fingerprints shall be submitted in the manner prescribed by the Commissioner and shall be certified by an authorized law enforcement officer.
(d) Fee. – The renewal fee for a runner's license is sixty dollars ($60.00), one hundred twenty dollars ($120.00). The renewal fee for a bail bondsman's license is one hundred dollars ($100.00), two hundred dollars ($200.00). A renewed license continues in effect until suspended or revoked for cause.”

SECTION 5. G.S. 58-70-5 reads as rewritten:

"§ 58-70-5. Application to Commissioner for permit.

Any person, firm, corporation or association desiring to secure a permit as provided by G.S. 58-70-1, shall make application to the Commissioner of Insurance for each location at which such person, firm, corporation or association desires to carry on the collection agency business as hereinafter defined. Nothing in this section shall be construed to require that a person, firm, corporation, or association secure a permit for a remote location from which a single employee works under the control and monitoring of a collection agency through telecommunications and computer links, so long as all of the following conditions are met:

(1) Records required to be kept under G.S. 58-70-25 are not maintained at the remote location.
(2) The remote location is not held open to the public as a place of business.
(3) The person, firm, corporation, or association has a valid permit issued pursuant to this Article for at least one physical location in this State.

Such an applicant shall be entitled to a permit upon submission to the Commissioner of Insurance of the following:

""

SECTION 6. G.S. 58-70-20(a) reads as rewritten:

"(a) As a condition precedent to the issuance of any permit under this Article, every applicant for a permit shall file with the Commissioner a bond in favor of the State of North Carolina that is executed by a surety company licensed to transact surety business in this State. The bond shall be maintained in force during the permit period, continuous in form, and remain in effect until all moneys collected have been accounted for. The bond shall expressly provide that the bond is for the benefit of any person, firm or corporation for whom the collection agency engages in the collection of accounts. The bond shall be in the amount of ten thousand dollars ($10,000) for the initial permit. The amount of the bond for any renewal permit shall be no less than ten thousand dollars ($10,000), nor more than seventy-five thousand dollars ($75,000), thirty thousand dollars ($30,000), and shall be computed as follows: The total collections paid directly to the collection agency less commissions earned by the collection agency on those collections for the calendar year ending immediately prior to the date of application, multiplied by one-sixth."

SECTION 7. G.S. 7A-38.3D(m) reads as rewritten:

"§ 7A-38.3D. Mediation in matters within the jurisdiction of the district criminal courts.

(m) Dismissal Dispute Resolution Fee. – Where an agreement has been reached in mediation and the case will be dismissed, the defendant shall pay to the clerk the dismissal fee of court set forth in G.S. 7A-38.7. A dispute resolution fee shall be assessed and paid to the clerk in advance of mediation as set forth in G.S. 7A-38.7. By agreement, all or any portion of the fee may be paid by a person other than the defendant.”

SECTION 8. G.S. 7A-38.5 reads as rewritten:

"§ 7A-38.5. Community mediation centers.

(a) The General Assembly finds that it is in the public interest to encourage the establishment of community mediation centers, also known as dispute settlement centers or dispute resolution centers, to support the work of these centers in facilitating communication, understanding, reconciliation, and settlement of conflicts in communities, courts, and schools, and to promote the widest possible use of these centers by the courts and law enforcement officials across the State. A center may establish and charge fees for its services other than for criminal court mediations. Fees for criminal court mediation are set forth in G.S. 7A-38.7, and centers and mediators shall not charge any other fees in such cases.

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(e) Except as provided in this subsection and subsection (f) of this section, each chief district court judge and district attorney shall refer any misdemeanor criminal action in district court that is generated by a citizen-initiated arrest warrant or criminal summons to the local mediation center for resolution, except for (i) any case involving domestic violence; (ii) any case in which the judge or the district attorney determine that mediation would be inappropriate; or (iii) any case being tried in a county in which mediation services are not available. The mediation center shall have 30-45 days to resolve each case and report back to the court with a resolution. The district attorney shall delay prosecution in order for the mediation to occur. If the case is not resolved through mediation within 30-45 days of referral, or if any party declines to enter into mediation, the court may proceed with the case as a criminal action. For purposes of this section, the term "citizen-initiated arrest warrant or criminal summons" means a warrant or summons issued pursuant to G.S. 15A-303 or G.S. 15A-304 by a magistrate or other judicial official based upon information supplied through the oath or affirmation of a private citizen.

(g) Nothing in this section is intended to prohibit or delay the appointment or engagement of an attorney for a defendant in a criminal case.

SECTION 9. G.S. 7A-38.7 reads as rewritten:

"§ 7A-38.7. Dispute resolution fee for cases resolved in referred to mediation.

(a) In each criminal case filed in the General Court of Justice that is resolved through referral referred to a community mediation center, a dispute resolution fee shall be assessed in the sum of sixty dollars ($60.00) per mediation of that criminal case, in accordance with subsection (c) of this section, to support the services provided by the community mediation centers and the Mediation Network of North Carolina. Prior to mediation, the court shall cause the mediation participants to be informed that the dispute resolution fee shall be paid as part of any mediation of a criminal case. The fee shall be paid to the clerk in advance of the mediation. Fees assessed under this section shall be paid to the clerk of superior court in the county where the case was filed and remitted by the clerk to the Mediation Network of North Carolina. The Mediation Network may retain up to three dollars ($3.00) of this amount as an allowance for its administrative expenses. The Mediation Network must remit the remainder of this amount to the community mediation center that mediated the case. The court may waive or reduce a fee assessed under this section only upon entry of a written order, supported by findings of fact and conclusions of law, determining there is just cause to grant the waiver or reduction.

(b) Before providing the district attorney with a dismissal form, the community mediation center shall require proof that the defendant has paid the dispute resolution fee as required by subsection (a) of this section and shall attach the receipt to the dismissal form.

(c) All related criminal charges per defendant that are subject to mediation shall be treated as a single criminal case for the purpose of calculating the sixty-dollar ($60.00) dispute resolution fee. In advance of the mediation, the participants, including all complainants, defendants, and other parties to the mediation, shall discuss whether the dispute resolution fee shall be allocated between them. If the participants do not reach agreement on an allocation of the dispute resolution fee, then the fee shall be the responsibility of the defendant, unless the court waives or reduces the fee upon entry of a written order, supported by findings of fact and conclusions of law, determining there is just cause to waive or reduce the fee. In connection with any mediation subject to this section, no mediator or any other community mediation center volunteer or employee shall receive any payment directly from any participant in the mediation, regardless of whether the payment is a dispute resolution fee, cost of court, restitution, or any other fee required by law or court order. No mediator or community mediation center shall charge or collect any fees for mediating criminal cases other than the dispute resolution fee assessed pursuant to subsection (a) of this section."

SECTION 10. Sections 1 and 2 of this act become effective December 1, 2016, and Section 2 of this act applies to bonds executed on or after that date. Section 3 of this act
becomes effective October 1, 2016. Sections 5 and 6 of this act become effective October 1, 2016, and apply to permits filed or renewed on or after that date. Sections 7, 8, and 9 of this act become effective October 1, 2016, and apply to criminal cases referred to mediation on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-108

AN ACT TO HONOR CAPTAIN BRADLEY LONG AND ALL FUTURE FIREFIGHTERS AND RESCUE SQUAD WORKERS KILLED IN THE LINE OF DUTY BY AMENDING THE NC FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND TO PROVIDE A SURVIVORSHIP BENEFIT FOR MEMBERS KILLED IN THE LINE OF DUTY; TO CONSOLIDATE PUBLIC RECORDS LAWS RELATING TO RETIREMENT; AND TO MAKE OTHER RETIREMENT AND ADMINISTRATIVE CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. (a) G.S. 58-86-2 is amended by adding a new subdivision to read:

"(9a) "Killed in the line of duty" has the same meaning as in G.S. 143-166.2(c)."

SECTION 1. (b) G.S. 58-86-55 is amended by adding a new subsection to read:

"(d1) Benefits shall be paid in the following manner when a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the General Statutes are met:

(1) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty, there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible, an amount of one hundred seventy dollars ($170.00) per month beginning the month following the member's month of death, payable until the beneficiary's death.

(2) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (1) of this subsection, a lump sum payment equal to the difference between the amount paid into the member's separate account by or on behalf of the member and the amount received by the member as a pensioner will be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, shall be paid to the member's estate.

(3) If the member had not yet begun receiving a monthly benefit prior to being killed in the line of duty, there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible, an amount of one hundred seventy dollars ($170.00) per month beginning the month following the month the member would have attained age 55, or if the member had already attained age 55, beginning the month following the member's month of death, payable until the beneficiary's death.

(4) If the member had not begun receiving a monthly benefit prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (3) of this subsection, a lump sum payment equal to the member's contributions will be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, a return of the contributions shall be paid to the member's estate.

A beneficiary under this subsection shall not be required to make the monthly payment of ten dollars ($10.00) as required by G.S. 58-86-35 and G.S. 58-86-40 after the member has been killed in the line of duty."

SECTION 1. (c) G.S. 58-86-60 reads as rewritten:

"§ 58-86-60. Payments in lump sums.

The board shall direct payment in lump sums from the fund in the following cases:
(1) To any firefighter or rescue squad worker upon the attaining of the age of 55 years, who, for any reason, is not qualified to receive the monthly retirement pension and who was enrolled as a member of the fund, an amount equal to the amount paid into the fund by him. This provision shall not be construed to preclude any active firefighter or rescue squad worker from completing the requisite number of years of active service after attaining the age of 55 years necessary to entitle the firefighter or rescue squad worker to the pension.

(2) If any firefighter or rescue squad worker dies, except if the individual is killed in the line of duty, before attaining the age at which a pension is payable to the firefighter or rescue squad worker under the provisions of this Article, there shall be paid to his or her surviving spouse, or if there be no surviving spouse, to the person responsible for his or her child or children, or if there be no surviving spouse or children, then to his or her heirs at law as may be determined by the board or to his or her estate, if it is administered and there are no heirs to the person or persons designated by the member, or if the member has not designated a beneficiary, to the surviving spouse of the deceased member, or if not survived by a designated beneficiary or spouse, to the deceased member's legal representative, an amount equal to the amount paid into the member's separate account by or on behalf of the said firefighter or rescue squad worker.

(3) If any firefighter or rescue squad worker dies, except if the individual is killed in the line of duty, after beginning to receive the pension payable to the firefighter or rescue squad worker by this Article, and before receiving an amount equal to the amount paid into the fund by him or her, there shall be paid to his or her surviving spouse, or if there be no surviving spouse, then to the person responsible for his or her child or children, or if there be no surviving spouse or children, then to his or her heirs at law as may be determined by the board or to his or her estate, if it is administered and there are no heirs to the person or persons designated by the member, or if the member has not designated a beneficiary, to the surviving spouse of the deceased retired member, or if not survived by a designated beneficiary or spouse, to the deceased retired member's legal representative, an amount equal to the difference between the amount paid into the member's separate account by or on behalf of the said firefighter or rescue squad worker and the amount received by him or her as a pensioner.

(4) Any member who withdraws from the fund shall, upon proper application, be paid all moneys without accumulated earnings on the payments after the time they were made. A member may not purchase time under G.S. 58-86-45 for which he or she has received a refund.

SECTION 1.(d) G.S. 58-86-55 is amended by adding a new subsection to read:

"(d2) Benefits shall be paid in the following manner when a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the General Statutes are met:

(1) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty, there shall be paid to the member's spouse an amount of one hundred seventy dollars ($170.00) per month beginning the month following the member's month of death, payable until the spouse's death.

(2) If the member had been receiving a monthly pension fund benefit prior to being killed in the line of duty and the spouse is not payable as described in subdivision (1) of this subsection, a lump sum payment equal to the difference between the amount paid into the member's separate account by
or on behalf of the member and the amount received by the member as a
pensioner will be paid to the member's estate.

(3) If the member had not yet begun receiving a monthly benefit prior to being
killed in the line of duty, there shall be paid to the member's spouse an
amount of one hundred seventy dollars ($170.00) per month beginning the
month following the month the member would have attained age 55, or if the
member had already attained age 55, beginning the month following the
member's month of death, payable until the spouse's death.

(4) If the member had not begun receiving a monthly benefit prior to being
killed in the line of duty and the spouse is not payable as described in
subdivision (3) of this subsection, a lump sum payment equal to the
member's contributions will be paid to the eligible beneficiaries, or if there
are no eligible beneficiaries, a return of the contributions shall be paid to the
member's estate.

A beneficiary under this subsection shall not be required to make the monthly payment of
ten dollars ($10.00) as required by G.S. 58-86-35 and G.S. 58-86-40 after the member has been
killed in the line of duty.

SECTION 1.(e)  Section 1(a) and 1(d) become effective June 1, 2016, and apply to
benefits paid when a member is killed in the line of duty on or after June 1, 2016, but before
July 1, 2018. Section 1(e) becomes effective June 1, 2016. Section 1(b) and 1(c) become
effective July 1, 2018, and apply to benefits paid when a member is killed in the line of duty on
or after that date.

SECTION 1.(f)  G.S. 58-86-55(d2) is repealed July 1, 2018.

SECTION 2.(a)  The February 5, 2008, Attorney General's advisory opinion
entitled "Advisory Opinion: Confidentiality of Retirement Benefit Information; Session Law
2007-508" concluded that information about retirement benefits was intended to be included
among those records required to be maintained for public inspection by each department,
agency, institution, commission, and bureau of the State and that as a result the Retirement
Systems Division of the Department of the State Treasurer makes that information available for
public inspection and examination. The General Assembly finds that the interests of clarity
require statutory language providing guidance to the Retirement Systems Division in
determining and maintaining consistency as to what information should be made available
about the retirement accounts of State and local employees.

SECTION 2.(b)  Article 1 of Chapter 135 of the General Statutes is amended by
adding a new section to read:

§ 135-6.1.  Member retirement record files held by the Retirement System.

(a)  The following definitions apply in this section:

(1)  Employment-related information. – As defined in G.S. 126-22(b)(3).
(2)  Personal information. – As defined in G.S. 126-22(b)(3).
(3)  Retirement file. – Any employment-related, retirement-related, or personal
information of members in a State-administered retirement plan gathered by
the Retirement Systems Division of the Department of State Treasurer.
(4)  Retirement-related information. – Information including membership and
service details, benefit payment information, and other information the
Retirement Systems Division of the Department of State Treasurer deems
necessary to administer a retirement plan.

(b)  Member retirement files are not subject to inspection and examination as authorized
by G.S. 132-6 except as provided in G.S. 135-6(p), G.S. 128-28(q), and subsections (c), (d),
and (e) of this section.

(c)  The following information regarding members and individuals in receipt of a
recurring monthly benefit, if held by the Retirement System, is public and subject to subsection
(d) of this section:

(1)  Name.
(2) Age.
(3) Date of membership in the applicable Retirement System, first service earned date, date of first enrollment, date of first employment, and date of retirement.
(4) The terms of any contract by which the member is employed whether written or oral, past and current, to the extent that the Retirement System has the written contract or a record of the oral contract in its possession.
(5) Current or most recently held position or title.
(6) Compensation and other relevant remuneration history and benefits paid.
(7) Date, general description, and type of each change and the corresponding employing agency.
(8) The office or station to which the member is currently assigned, if any.
(9) The record of benefit payments made by one of the Retirement Systems or Disability Benefits Programs administered by the Department of State Treasurer to a member or to the survivor, beneficiary, or alternate payee of a member.
(10) Purchases of educational leave.

(d) Subject only to rules and policies for the safekeeping of member retirement files adopted by the Board of Trustees, every person having custody of the retirement file information outlined in subsection (b) of this section shall permit the information to be inspected and examined and copies thereof made by any person during regular business hours. Any person who is denied access to any retirement file for the purpose of inspecting, examining, or copying the file has a right to compel compliance with the provisions of this section by application to a court of competent jurisdiction for a writ of mandamus or other appropriate relief.

(e) The Retirement Systems Division of the Department of State Treasurer may disclose the name and mailing address of former State employees, former public school employees, or former community college employees to domiciled, nonprofit organizations representing 10,000 or more retired State government, local government, or public school employees.

(f) All information other than the information listed in subsection (c) of this section contained in a retirement file is confidential and not open for inspection and examination except to the following persons:

(1) The member, or the member's authorized agent, who may examine his or her own retirement file, except for any information concerning a medical disability, mental or physical, that a prudent physician would not divulge to a patient. A member's medical record may be disclosed to a licensed physician in writing by the member.
(2) A member of the General Assembly who may inspect and examine records under the authority of G.S. 120-19.
(3) A party by authority of a proper court order may inspect and examine a particular confidential portion of a member's retirement file.

(g) Any public official or employee who knowingly and willfully permits any person to have access to or custody or possession of any portion of a retirement file designated as confidential by this section, unless the person is one specifically authorized by this section to have access thereto for inspection and examination, is guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars ($500.00).

(h) Any person not specifically authorized by this section to have access to a retirement file designated as confidential by this section, who knowingly and willfully examines, removes, or copies any portion of a confidential retirement file, is guilty of a Class 3 misdemeanor and upon conviction shall be fined in the discretion of the court but not in excess of five hundred dollars ($500.00).
SECTION 2.(c) Article 3 of Chapter 128 of the General Statutes is amended by adding a new section to read:

"§ 128-33.1. Public records held by the Retirement System.

(a) The following definitions apply in this section:

(1) Employment-related information. – As defined in G.S. 126-22(b)(3).
(2) Personal information. – As defined in G.S. 126-22(b)(3).
(3) Retirement file. – Any employment-related, retirement-related, or personal information of members in a State-administered retirement plan gathered by the Retirement Systems Division of the Department of State Treasurer.
(4) Retirement-related information. – Information including membership and service details, benefit payment information, and other information the Retirement Systems Division of the Department of State Treasurer deems necessary to administer a retirement plan.

(b) Member retirement files are not subject to inspection and examination as authorized by G.S. 132-6 except as provided in G.S. 135-6(p), G.S. 128-28(q), and subsections (c), (d), and (e) of this section.

(c) The following information regarding members and individuals in receipt of a recurring monthly benefit, if held by the Retirement System, is public subject to subsection (d) of this section:

(1) Name.
(2) Age.
(3) Date of membership in the applicable Retirement System, first service earned date, date of first enrollment, date of first employment, and date of retirement.
(4) The terms of any contract by which the member is employed whether written or oral, past and current, to the extent that the Retirement System has the written contract or a record of the oral contract in its possession.
(5) Current or most recently held position or title.
(6) Compensation and other relevant remuneration history and benefits paid.
(7) Date, general description, and type of each change and the corresponding employing agency.
(8) The office or station to which the member is currently assigned, if any.
(9) The record of benefit payments made by one of the Retirement Systems or Disability Benefits Programs administered by the Department of State Treasurer to a member or to the survivor, beneficiary, or alternate payee of a member.
(10) Purchases of educational leave.

(d) Subject only to rules and policies for the safekeeping of member retirement files adopted by the Board of Trustees, every person having custody of the retirement file information outlined in subsection (b) of this section shall permit the information to be inspected and examined and copies thereof made by any person during regular business hours. Any person who is denied access to any retirement file for the purpose of inspecting, examining, or copying the file has a right to compel compliance with the provisions of this section by application to a court of competent jurisdiction for a writ of mandamus or other appropriate relief.

(e) The Retirement Systems Division of the Department of State Treasurer may disclose the name and mailing address of former State employees, former public school employees, or former community college employees to domiciled, nonprofit organizations representing 10,000 or more retired State government, local government, or public school employees.

(f) All information other than the information listed in subsection (c) of this section contained in a retirement file is confidential and not open for inspection and examination except to the following persons:
(1) The member, or the member’s authorized agent, who may examine his or her own retirement file, except for any information concerning a medical disability, mental or physical, that a prudent physician would not divulge to a patient. A member’s medical record may be disclosed to a licensed physician in writing by the member.

(2) A member of the General Assembly who may inspect and examine records under the authority of G.S. 120-19.

(3) A party by authority of a proper court order may inspect and examine a particular confidential portion of a member’s retirement file.

(g) Any public official or employee who knowingly and willfully permits any person to have access to or custody or possession of any portion of a retirement file designated as confidential by this section, unless the person is one specifically authorized by this section to have access thereto for inspection and examination, is guilty of a Class 3 misdemeanor and upon conviction shall only be fined in the discretion of the court but not in excess of five hundred dollars ($500.00).

(h) Any person not specifically authorized by this section to have access to a retirement file designated as confidential by this section, who knowingly and willfully examines, removes, or copies any portion of a confidential retirement file, is guilty of a Class 3 misdemeanor and upon conviction shall be fined in the discretion of the court but not in excess of five hundred dollars ($500.00).”

SECTION 2.(d) G.S. 126-22 reads as rewritten:

"§ 126-22. Personnel files not subject to inspection under § 132-6. (a) Except as provided in G.S. 126-23 and G.S. 126-24, personnel files of State employees shall not be subject to inspection and examination as authorized by G.S. 132-6. (b) For purposes of this Article the following definitions apply: (1) "Employee" means any current State employee, former State employee, or applicant for State employment. (2) "Employer" means any State department, university, division, bureau, commission, council, or other agency subject to Article 7 of this Chapter. (3) "Personnel file" means any employment-related or personal information gathered by an employer, the Retirement Systems Division of the Department of State Treasurer, employer or by the Office of State Human Resources. Employment-related information contained in a personnel file includes information related to an individual's application, selection, promotion, demotion, transfer, leave, salary, contract for employment, benefits, suspension, performance evaluation, disciplinary actions, and termination. Personal information contained in a personnel file includes an individual's home address, social security number, medical history, personal financial data, marital status, dependents, and beneficiaries. (4) "Record" means the personnel information that each employer is required to maintain in accordance with G.S. 126-23. (c) Personnel files of former State employees who have been separated from State employment for 10 or more years may be open to inspection and examination except for papers and documents relating to demotions and to disciplinary actions resulting in the dismissal of the employee and personnel files maintained by the Retirement Systems Division of the Department of State Treasurer. Retirement files maintained by the Retirement Systems Division of the Department of State Treasurer shall be made public pursuant to G.S. 128-33.1 and G.S. 135-6.1. (d) Notwithstanding any provision of this section to the contrary, the Retirement Systems Division of the Department of State Treasurer may disclose the name and mailing address of former State employees to domiciled, nonprofit organizations representing 10,000 or more retired State government, local government, or public school employees.”

SECTION 2.(e) G.S. 115C-321(b1) is repealed.
SECTION 2.(f) G.S. 115D-29(c) is repealed.
SECTION 2.(g) G.S. 153A-98(c3) is repealed.
SECTION 2.(h) G.S. 160A-168(c3) is repealed.
SECTION 3.(a) G.S. 135-10.1 reads as rewritten:

"§ 135-10.1. Failure to respond.
If a member fails to respond within 120 days after preliminary option figures and the Form 6-E or Form 7-E are mailed, transmitted to the member, or if a member fails to respond within 120 days after the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void; the retirement system shall not be liable for any benefits due on account of the voided application, and a new application must be filed establishing a subsequent effective date of retirement. If an applicant for disability retirement fails to furnish requested additional medical information within 90 days following such request, the application shall be declared null and void under the same conditions outlined above, unless the applicant is eligible for early or service retirement in which case the application shall be processed accordingly, using the same effective date as would have been used had the application for disability retirement been approved. The Director of the Retirement Systems Division, acting on behalf of the Board of Trustees, may extend the 120-day limitation provided for in this section when a member has suffered incapacitation such that a reasonable person would not have expected the member to be able to complete the required paperwork within the regular deadline, or when an omission by the Retirement Systems Division prevents the member from having sufficient time to meet the regular deadline."

SECTION 3.(b) G.S. 128-32.1 reads as rewritten:

"§ 128-32.1. Failure to respond.
If a member fails to respond within 120 days after preliminary option figures and the Form 6-E or Form 7-E are mailed, transmitted to the member, or if a member fails to respond within 120 days after the effective date of retirement, whichever is later, the Form 6 or Form 7 shall be null and void; the retirement system shall not be liable for any benefits due on account of the voided application, and a new application must be filed establishing a subsequent effective date of retirement. If an applicant for disability retirement fails to furnish requested additional medical information within 90 days following such request, the application shall be declared null and void under the same conditions outlined above, unless the applicant is eligible for early or service retirement in which case the application shall be processed accordingly, using the same effective date as would have been used had the application for disability retirement been approved. The Director of the Retirement Systems Division, acting on behalf of the Board of Trustees, may extend the 120-day limitation provided for in this section when a member has suffered incapacitation such that a reasonable person would not have expected the member to be able to complete the required paperwork within the regular deadline, or when an omission by the Retirement Systems Division prevents the member from having sufficient time to meet the regular deadline."

SECTION 4. G.S. 147-79(a) reads as rewritten:

"(a) The amount of funds deposited by the State Treasurer in an official depository shall be adequately secured by deposit insurance, surety bonds, letters of credit issued by a Federal Home Loan Bank, or investment securities of such nature, in such amounts, and in such manner, as may be prescribed by rule or regulation of the State Treasurer with the approval of the Governor and Council of State. No security is required for the protection of funds remitted to and received by a bank or trust company designated by the State Treasurer under G.S. 142-1 and acting as paying agent for the payment of the principal of or interest on bonds or notes of the State."

SECTION 5. The Board of Trustees of the Local Governmental Employees' Retirement System shall develop a "State Contribution Rate Stabilization Policy" for the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund and report it to the Office of State Budget and Management and the Fiscal Research Division on or before March 1, 2017.

SECTION 6.(a) G.S. 135-6(b) reads as rewritten:

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"(b) Membership of Board; Terms. – The Board shall consist of the following 13 members, as follows:

1. The State Treasurer, ex officio.
2. The Superintendent of Public Instruction, ex officio.
3. The Director of the Office of State Human Resources, ex officio.
4. Nine members to be appointed by the Governor and confirmed by the Senate of North Carolina. One of the appointive members shall be a member of the teaching profession of the State; one of the appointive members shall be a representative of higher education appointed by the Governor for a term of four years commencing July 1, 1969, and quadrennially thereafter; one of the appointive members shall be a retired teacher who is drawing a retirement allowance, appointed by the Governor for a term of four years commencing July 1, 1969, and quadrennially thereafter; one shall be a retired State employee who is drawing a retirement allowance, appointed by the Governor for a term of four years commencing July 1, 1977, and quadrennially thereafter; one to be a general State employee, and two who are not members of the teaching profession or State employees; two to be appointed for a term of two years, two for a term of three years and one for a term of four years; one appointive member shall be a law enforcement officer employed by the State, appointed by the Governor, for a term of four years commencing April 1, 1985. One member shall be an active or retired member of the North Carolina National Guard appointed by the Governor for a term of four years commencing July 1, 2013. At the expiration of these terms of office the appointment shall be for a term of four years.

5. Two members appointed by the General Assembly, one appointed upon the recommendation of the Speaker of the House of Representatives, and one appointed upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Neither of these members may be an active or retired teacher or State employee or an employee of a unit of local government. The initial members appointed by the General Assembly shall serve for terms expiring June 30, 1983. Thereafter, their successors shall serve for two-year terms beginning July 1 of odd-numbered years. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122."

SECTION 6.(b) G.S. 135-6(g) reads as rewritten:

"(g) Officers and Other Employees; Salaries and Expenses. – The State Treasurer shall be ex officio chairman of the Board of Trustees. The Board of Trustees shall, by a majority vote of all the members, appoint a director, who may be, but need not be, one of its members. The salary of the director of the Retirement System is subject to the provisions of Chapter 126 of the General Statutes of North Carolina. Trustees shall appoint a director. The Board of Trustees shall engage such actuarial and other service as shall be required to transact the business of the Retirement System. The compensation of all persons, other than the director, engaged by the Board of Trustees, and all other expenses of the Board necessary for the operation of the Retirement System, shall be paid at such rates and in such amounts as the Board of Trustees shall approve, subject to the approval of the Director of the Budget."

SECTION 6.(c) G.S. 136-6(o) reads as rewritten:

"(o) On the basis of such tables and interest assumption rate as the Board of Trustees shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the System created by this Chapter. The annual valuation shall include a supplementary section that provides an analysis of assets on a market basis using the 30-year treasury rate as of December 31 of the year of the valuation as the discount rate."

SECTION 6.(d) G.S. 128-28(h) reads as rewritten:
"(h) Officers and Other Employees, Salaries and Expenses. – The Board of Trustees shall elect from its membership a chairman, and shall, by a majority vote of all the members, appoint a director, who may be, but need not be, one of its members. The State Treasurer shall be ex officio chair of the Board of Trustees and shall appoint a director. The Board of Trustees shall engage such actuarial and other service as shall be required to transact the business of the Retirement System. The compensation of all persons engaged by the Board of Trustees, and all other expenses of the Board necessary for the operation of the Retirement System, shall be paid at such rates and in such amounts as the Board of Trustees shall approve."

SECTION 6.(e) G.S. 128-28(p) reads as rewritten:

"(p) On the basis of such tables and interest assumption rate as the Board of Trustees shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the System created by this Chapter. The annual valuation shall include a supplementary section that provides an analysis of assets on a market basis using the 30-year treasury rate as of December 31 of the year of the valuation as the discount rate."

SECTION 7.(a) G.S. 115C-341.2 reads as rewritten:

"§ 115C-341.2. Department of State Treasurer sponsored 403(b) option.

(a) In addition to the opportunities for local boards of education to offer section 403(b) of the Internal Revenue Code of 1986 retirement annuities and/or mutual funds to their employees under G.S. 115C-341, the Department of State Treasurer may establish an approved third-party vendor of retirement offerings as described in section 403(b) of the Internal Revenue Code of 1986, as now and hereafter amended, pursuant to which employees of local school boards may enter into nonforfeitable 403(b) plan options by way of salary reduction through the auspices of the Department of State Treasurer. This statewide plan of 403(b) offerings shall be known as the "North Carolina Public School Teachers' and Professional Educators' Investment Plan." The vendor authorized under this section shall be selected by use of State Supplemental Retirement Board of Trustees procurement procedures under Article 5 of Chapter 135 of the General Statutes, with the goal of attaining lower administrative fees and enhanced services for participants and employer compliance with applicable law and regulations. Eligible employees of local school boards shall all be allowed to use this vendor for the tax-deferred 403(b) option of their choice.

(b) The criteria in this subsection apply to the Department of State Treasurer's 403(b) offerings to employees of local school boards under this section.

(1) Annuity contracts, trust accounts, and/or custodial accounts shall be administered by a qualified third-party administrator that shall, under written agreement with the Department of State Treasurer, provide custodial, record-keeping, and administrative services. The third-party administrator may also be the selected vendor for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

For employers choosing to participate in the North Carolina Public School Teachers' and Professional Educators' Investment Plan, the third-party administrator shall, at a minimum, provide the following:

a. Maintain a written plan document.

b. Review hardship withdrawal requests, loan requests, and other disbursements permitted under section 403(b) of the Internal Revenue Code of 1986.

c. Maintain specimen salary reduction agreements for the employer and employees of that employer to initiate payroll deferrals.

d. Monitor maximum contributions.

e. Coordinate responses to the Internal Revenue Service in any case of an IRS audit.

f. Generate educational communication materials to employees concerning the enrollment process, program eligibility, and investment options.
g. Maintain internal reports to ensure compliance with Section 403(b) of the Internal Revenue Code and Title 26 of the Code of Federal Regulations.

h. Provide compliance monitoring/oversight for all 403(b) plans established under G.S. 115C-341 within each participating local board of education plan by creating and establishing the necessary connections and processes with existing and future vendors.

i. Keep an updated schedule of vendor fees and commissions as to the Department's statewide plan of 403(b) offerings.

(2) Governance and oversight of the North Carolina Public School Teachers' and Professional Educators' Investment Plan will be performed under Article 5 of Chapter 135 of the General Statutes by the Department of State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans established pursuant to G.S. 135-96. Because of the administrative and record-keeping duties enumerated in subdivision (1) of this subsection, any existing vendor of a 403(b) with a participating employer must either agree to share data with the State's 403(b) vendor under this provision (so as to permit oversight over contribution limits, loans, and hardship withdrawals) or be directed by the participating employer to cease accepting new contributions, loans, and hardship withdrawals.

(3) Investment options shall be solely determined by the Department of State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans consistent with section 403(b) of the Internal Revenue Code of 1986, as amended.

(4) Investment staff of the Department of State Treasurer may make recommendations to the State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans as to appropriate investment options. The Pursuant to G.S. 135-96, the State Treasurer and Board of Trustees shall have sole responsibility for the selection of the vendor, third-party administrator, providers of investment options, and any other service provider for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

(5) All contributions made in accordance with the provisions of section 403(b) of the Internal Revenue Code of 1986, as amended, and this section shall be remitted directly to the administrator and held by the administrator in a custodial account on behalf of each participating employee. Any investment gains or losses shall be credited to those accounts. The forms of payment and disbursement procedures shall be consistent with those generally offered by similar annuity contracts, trust accounts, and custodial accounts and applicable federal and State statutes governing those contracts and accounts.

(6) Any local board of education may elect to make contributions to the employee's account on behalf of the employee. The employer shall take whatever action is necessary to implement this section.

(7) The design and administration of annuity contracts, trust accounts, and custodial accounts under this provision shall comply with all applicable provisions of the Internal Revenue Code of 1986, as amended."

SECTION 7.(b) G.S. 115D-25.4(b) reads as rewritten:

"(b) The criteria in this subsection apply to the Department of State Treasurer's 403(b) offerings to employees of local boards of trustees under this section:

(1) Annuity contracts, trust accounts, and/or custodial accounts shall be administered by a qualified third-party administrator that shall, under written agreement with the Department of State Treasurer, provide custodial,
record-keeping, and administrative services. The third-party administrator may also be the selected vendor for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

For local boards of trustees as employers choosing to participate in the North Carolina Public School Teachers' and Professional Educators' Investment Plan, the third-party administrator shall, at a minimum, provide the following:

a. Maintain a written plan document.

b. Review hardship withdrawal requests, loan requests, and other disbursements permitted under section 403(b) of the Internal Revenue Code of 1986.

c. Maintain specimen salary reduction agreements for the employer and employees of that employer to initiate payroll deferrals.

d. Monitor maximum contributions.

e. Coordinate responses to the Internal Revenue Service in any case of an IRS audit.

f. Generate educational communication materials to employees concerning the enrollment process, program eligibility, and investment options.

g. Maintain internal reports to ensure compliance with section 403(b) of the Internal Revenue Code and Title 26 of the Code of Federal Regulations.

h. Provide compliance monitoring/oversight for all 403(b) plans established under G.S. 115D-25 within each participating local board of trustees plan by creating and establishing the necessary connections and processes with existing and future vendors.

i. Keep an updated schedule of vendor fees and commissions as to the Department's statewide plan of 403(b) offerings.

(2) Governance and oversight of the North Carolina Public School Teachers' and Professional Educators' Investment Plan will be performed under Article 5 of Chapter 135 of the General Statutes by the Department of State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans established pursuant to G.S. 135-96. Because of the administrative and record-keeping duties enumerated in subdivision (1) of this subsection, any existing vendor of a 403(b) with a participating employer must either agree to share data with the State's 403(b) vendor under this provision (so as to permit oversight over contribution limits, loans, and hardship withdrawals) or be directed by the participating employer to cease accepting new contributions, loans, and hardship withdrawals.

(3) Investment options shall be solely determined by the Department of State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans consistent with section 403(b) of the Internal Revenue Code of 1986, as amended.

(4) Investment staff of the Department of State Treasurer may make recommendations to the State Treasurer and the Supplemental Retirement Board of Trustees for the North Carolina Supplemental Retirement Plans as to appropriate investment options. Pursuant to G.S. 135-96, the State Treasurer and Board of Trustees shall have sole responsibility for the selection of the vendor, third-party administrator, providers of investment options, and any other service provider for the North Carolina Public School Teachers' and Professional Educators' Investment Plan.
(5) All contributions made in accordance with the provisions of section 403(b) of the Internal Revenue Code of 1986, as amended, and this section shall be remitted directly to the administrator and held by the administrator in a custodial account on behalf of each participating employee. Any investment gains or losses shall be credited to those accounts. The forms of payment and disbursement procedures shall be consistent with those generally offered by similar annuity contracts, trust accounts, and custodial accounts and applicable federal and State statutes governing those contracts and accounts.

(6) Any local board of trustees may elect to make contributions to the employee's account on behalf of the employee. The local board of trustees shall take whatever action is necessary to implement this section.

(7) The design and administration of annuity contracts, trust accounts, and custodial accounts under this provision shall comply with all applicable provisions of the Internal Revenue Code of 1986, as amended.”

SECTION 8. G.S. 135-109 reads as rewritten:


The Department of State Treasurer and Board of Trustees shall require each beneficiary to annually provide a statement of the beneficiary's income received as compensation for services, including fees, commissions, or similar items, income received from business, and benefits received from the Social Security Administration, the federal Veterans Administration, any other federal agency, under the North Carolina Workers' Compensation Act, or under the provisions of G.S. 127A-108. The benefit payable to a beneficiary who does not or refuses to provide the information requested within 60 days after such request shall not be paid a benefit may be suspended until the information so requested is provided, and should such refusal or failure to provide such information continue for 240 days after such request the right of a beneficiary to a benefit under the Article may be terminated."

SECTION 9. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end, the provisions of this act are severable.

SECTION 10. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-109

AN ACT TO CREATE CONSISTENCY IN THE TIME PROVIDED TO COMPLETE ELECTION CANVASSES; TO REQUIRE THE ATTORNEY GENERAL TO DEFEND LOCAL ACTS AGAINST FACIAL CHALLENGES; TO PROVIDE FOR BALLOT ORDERING OF CANDIDATES FOR JUDGE OF THE COURT OF APPEALS; TO REQUIRE EXPLANATORY CAPTIONS FOR CONSTITUTIONAL AMENDMENTS ON BALLOTS; TO AUTHORIZE THE JOINT LEGISLATIVE ELECTIONS OVERSIGHT COMMITTEE TO STUDY MUNICIPAL ELECTIONS IN EVEN-NUMBERED YEARS; TO UPDATE THE FILING PERIOD FOR ELECTIONS IN THE CITY OF REIDSVILLE; AND TO PROVIDE FOR PARTICIPATION IN THE CENSUS REDISTRICTING DATA PROGRAM AND FOR RETURN OF ELECTION DATA.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 163-182.5(b) reads as rewritten:

"(b) Canvassing by County Board of Elections. – The county board of elections shall meet at 11:00 A.M. on the tenth day after every election held on the same day as a general election in November of the even-numbered year, and at 11:00 A.M. on the seventh day after
every other election, to complete the canvass of votes cast and to authenticate the count in
every ballot item in the county by determining that the votes have been counted and tabulated
correctly. If, despite due diligence by election officials, the initial counting of all the votes has
not been completed by that time, the county board may hold the canvass meeting a reasonable
time thereafter. The canvass meeting shall be at the county board of elections office, unless the
county board, by unanimous vote of all its members, designates another site within the county.
The county board shall examine the returns from precincts, from absentee official ballots, from
the sample hand-to-eye paper ballot counts, and from provisional official ballots and shall
conduct the canvass.”

SECTION 2.(a) Article 6 of Chapter 1 of the General Statutes is amended by
adding a new section to read:
"§ 1-72.3. State a party to certain actions.

The State shall be a party whenever the validity or constitutionality of a local act of the
General Assembly is the subject of an action in any court and, except as provided in
G.S. 147-17, shall be represented by the Attorney General. This section shall not affect any
authority under G.S. 1-72.2 or G.S. 120-32.6.”

SECTION 2.(b) G.S. 114-2.3 is amended by adding a new subsection to read:
"(c) Except as provided in G.S. 147-17, the Attorney General shall represent the State in
any action requiring the State to be a party under G.S. 1-72.3.”

SECTION 2.(c) This section becomes effective August 1, 2016, and applies to
actions filed on or after that date.

SECTION 3. G.S. 163-165.6 is amended by adding a new subsection to read:
"(d1) Order of Candidates for Judge of the Court of Appeals on General Election Official
Ballot. – Candidates for judge of the Court of Appeals on a general election official ballot shall
appear in the following order:

(1) Candidates registered with political parties that reflect at least five percent
(5%) of statewide voter registration, according to the most recent statistical
report published by the State Board of Elections, in alphabetical order by
party beginning with the party whose nominee for Governor received the
most votes in the most recent gubernatorial election and in alphabetical order
within the party.

(2) Candidates registered with other political parties, in alphabetical order by
party and in alphabetical order within the party.

(3) Unaffiliated candidates, in alphabetical order.”

SECTION 4.(a) G.S. 163-165.6(g) reads as rewritten:
"(g) Order of Precedence for Referenda. – The referendum questions to be voted on shall
be arranged on the official ballot in the following order:

(1) Proposed amendments to the North Carolina Constitution, in the
chronological order in which the proposals were approved by the General
Assembly. Proposed amendments shall be designated by only the short
caption provided by the Constitutional Amendments Publication
Commission under Article 4A of Chapter 147 of the General Statutes.

(2) Other referenda to be voted on by all voters in the State, in the chronological
order in which the proposals were approved by the General Assembly.

(3) Referenda to be voted on by fewer than all the voters in the State, in the
chronological order of the acts by which the referenda were properly
authorized.”

SECTION 4.(b) G.S. 147-54.10 reads as rewritten:

(a) At least 60–75 days before an election in which a proposed amendment to the
Constitution, or a revised or new Constitution, is to be voted on, the Commission shall prepare
an explanation of the amendment, revision, or new Constitution in simple and commonly used
language. The explanation shall include a short caption reflecting the contents, that shall not
include a numerical or other reference of order, to be used on the ballot and the printed summary.

(b) The summary prepared by the Commission shall be printed by the Secretary of State, in a quantity determined by the Secretary of State. A copy shall be sent along with a news release to each county board of elections, and a copy shall be available to any registered voter or representative of the print or broadcast media making request to the Secretary of State. The Secretary of State may make copies available in such additional manner as he may determine."

SECTION 5. It is the intent of the General Assembly to provide for even-numbered year municipal elections, effective with the 2020 election cycle. The Joint Legislative Elections Oversight Committee shall study the options to implement this change and recommend to the General Assembly any legislation it deems advisable. It shall make a final report before the convening of the 2017 Regular Session of the General Assembly.

SECTION 6. Section 3.5 of the Charter of the City of Reidsville, being Chapter 957, Session Laws of 1989, as rewritten by Chapter 306 of the 1993 Session Laws, reads as rewritten:

"Section 3.5. Filing Period. In all city election years, the period for filing notices of candidacy shall begin at noon on the first Friday in August and end at noon on the third Friday in August preceding the election, as provided for in the General Statutes."

SECTION 7.(a) Article 12A of Chapter 163 of General Statutes is amended by adding a new section to read:


(a) Participation. – The State of North Carolina shall participate in the 2020 Census Redistricting Data Program, conducted pursuant to P.L. 94-171, of the United States Bureau of the Census, so that the State will receive 2020 Census data by voting districts.

(b) Reporting of Voting Districts. – The Executive Director of the State Board of Elections shall report to the Bureau of the Census this State's voting precincts as of January 1, 2018, to be used in the 2020 Census as voting districts. Before making that report, the Executive Director shall consult with the Legislative Services Office concerning the accuracy of the information to be reported. The Executive Director shall submit the report to the Bureau of the Census in time to comply with the deadlines of that Bureau for the 2020 Census Redistricting Data Program. The Executive Director, with the assistance of the county boards of elections, shall participate in the Bureau of the Census's verification program and notify the Bureau of the Census of any errors in the entry of the voting districts in time for those errors to be corrected.

(c) Additional Rules. – The Executive Director and the Legislative Services Officer shall develop a systematic method for review and input by the Legislative Services Office prior to the submission required by subsection (b) of this section.

SECTION 7.(b) G.S. 163-132.1B is repealed.

SECTION 7.(c) The State Board of Elections shall develop a proposed voting district map on or before September 1, 2016, to be submitted to the Joint Legislative Elections Oversight Committee and the Legislative Services Office on or before December 1, 2016. The proposed map developed by the State Board shall take into consideration all of the following factors:

(1) Reasonable size limitations of the proposed voting district, including total population and total registered voters.

(2) Alignment of proposed boundaries with visible features, such as roads and bodies of water.

(3) Potential election administration efficiencies if the proposed voting districts were used as voting precinct boundaries in an election, to include:
   a. Potential polling places within the proposed voting district.
b. Distance to the potential polling places for the voters to travel on election day.

c. Number of voters for voting in person.

SECTION 7.(d) The county boards of election, shall, on or before November 1, 2017, report any requested changes to precinct boundaries to be used in elections held on or after January 1, 2018. The State Board of Elections shall develop criteria for the county boards of elections to use in developing proposed precinct boundaries, shall notify the county boards of elections of the requirement to submit proposed changes, and shall facilitate the county boards of elections in developing proposed boundary changes. The State Board of Elections shall consult with the Legislative Services Office about the proposed changes to precinct boundaries in a timely and systemic manner in order to accommodate submitting a statewide map of updated precinct boundaries to the Bureau of the Census for the Phase 2 Voting District Project. Upon receipt of the voting districts geography from the Bureau of the Census for the 2020 Census, the Executive Director of the State Board of Elections and the Legislative Services Office shall determine if any alterations to the precinct boundaries are needed in order to comply with G.S. 163-132.3(a1)(1), as enacted by Section 8(a) of this act.

SECTION 8.(a) G.S. 163-132.3 reads as rewritten:

"§ 163-132.3. Alterations to approved precinct boundaries.

(a) No county board of elections may change any precinct boundary unless approved by the Executive Director of the State Board of Elections determines that the county board has a current capability of complying with G.S. 163-132.1B(a2) by reporting all election returns by voting tabulation district as required by G.S. 163-132.5G. If the Executive Director so determines, the county board may make any changes to precinct boundaries, provided that all proposed new precincts shall consist solely of contiguous territory.

(a1) The State Board of Elections may set uniform standards for precinct boundaries, which boundaries that the county boards of elections shall follow. Any uniform standards for precinct boundaries set by the State Board shall comply with all of the following:

(1) Precinct boundaries shall coincide with Census block boundaries.
(2) Precincts shall consist solely of contiguous territory.
(3) Precincts shall consist of territory and population that allows for efficient and accurate administration of elections, taking into consideration available polling places and access to polling places.
(4) The county shall be able to reallocate any out of precinct ballots cast by a voter to the precinct associated with that voter's voter registration for purposes of reporting the results of an election.

(a2) The county board of elections shall report every change in precinct boundary to the Executive Director in a format required by the Executive Director. The county boards of elections shall report precinct boundary changes to the Executive Director in the manner the Executive Director directs. No newly created or altered precinct boundary is effective until approved by the Executive Director of the State Board as being in compliance with this section.

(b) The Executive Director of the State Board of Elections shall examine the maps of the proposed new or altered precincts and any required written descriptions. If the Executive Director of the State Board determines that all precinct boundaries are in compliance with this section, the Executive Director of the State Board shall approve the maps and written descriptions as filed and these precincts shall be the official precincts for voting.

(c) If the Executive Director of the State Board determines that the proposed precinct boundaries are not in compliance with subsection (a)(a1) of this section, the Executive Director shall not approve those precinct boundaries. The Executive Director shall notify the county board of elections of his the disapproval specifying the reasons. The county board of elections may then resubmit new precinct maps and written descriptions to cure the reasons for their the disapproval.

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(d) Repealed by Session Laws 2004-127, s. 1(a), effective August 15, 2004, and applicable to precincts established or changed on or after that date.

(e) Repealed by Session Laws 2007-391, s. 6(b), effective January 1, 2008."

SECTION 8.(b) This section becomes effective January 1, 2020, and shall apply to all alterations of precinct boundaries on or after that date.

SECTION 9.(a) G.S. 163-132.5G reads as rewritten:

"§ 163-132.5G. Voting data maintained by voting tabulation district precinct. (a) Each county board of elections shall maintain voting data by voting tabulation district as provided in G.S. 163-132.1B precinct so that voting tabulation district precinct returns for each item on the ballot shall include the votes cast by all residents of the voting tabulation district that voting precinct who voted, regardless of where they the voter voted. The county board shall not be required to report returns by voting tabulation district precinct for voters who voted other than at their the voting precinct voting place on election day associated with that voter's voter registration until 60-30 days after the election. In reporting returns, the county board shall not compromise the secrecy of an individual's ballot.

(b) The 60-day30-day deadline for reporting returns by voting tabulation district precinct does not relieve the county board of the duty to report all returns as soon as practicable after the election according to other categories specified by the State Board of Elections.

(c) The State Board of Elections shall adopt rules for the enforcement of this section."

SECTION 9.(b) G.S. 163-165.7 reads as rewritten:

"§ 163-165.7. Voting systems: powers and duties of State Board of Elections. (a) Only voting systems that have been certified by the State Board of Elections in accordance with the procedures set forth by the State Board of Elections and subject to the standards set forth in this section and that have not been subsequently decertified shall be permitted for use in elections in this State. Those certified voting systems shall be valid in any election held in the State or in any county, municipality, or other electoral district in the State. Subject to all other applicable rules adopted by the State Board of Elections and, with respect to federal elections, subject to all applicable federal regulations governing voting systems, paper ballots marked by the voter and counted by hand shall be deemed a certified voting system. The State Board of Elections shall certify optical scan voting systems, optical scan with ballot markers voting systems, and direct record electronic voting systems if any of those systems meet all applicable requirements of federal and State law. The State Board may certify voting systems only if they meet the requirements set forth in this section and only if they generate either a paper ballot or a paper record by which voters may verify their votes before casting them and which provides a backup means of counting the vote that the voter casts. Those voting systems may include optical scan and direct record electronic (DRE) voting systems. Among other requirements as set by the State Board of Elections, the certification requirements shall require at least all of the following elements:

(1) That the vendor post a bond or letter of credit to cover damages resulting from defects in the voting system. Damages may include, among other items, any costs of conducting a new election attributable to those defects.

(2) That the voting system comply with all federal requirements for voting systems.

(3) That the voting system must have the capacity to include in voting tabulation district returns the votes cast by voters outside of the voter's voting tabulation district as required by G.S. 163-132.5G precinct associated with that voter's voter registration.

…

(a) (Effective January 1, 2018 or September 1, 2019 – see note) Only voting systems that have been certified by the State Board of Elections in accordance with the procedures set forth by the State Board of Elections and subject to the standards set forth in this section and
that have not been subsequently decertified shall be permitted for use in elections in this State. Those certified voting systems shall be valid in any election held in the State or in any county, municipality, or other electoral district in the State. Subject to all other applicable rules adopted by the State Board of Elections and, with respect to federal elections, subject to all applicable federal regulations governing voting systems, paper ballots marked by the voter and counted by hand shall be deemed a certified voting system. The State Board of Elections shall certify optical scan voting systems, optical scan with ballot markers voting systems, and direct record electronic voting systems if any of those systems meet all applicable requirements of federal and State law.

The State Board may certify voting systems only if they meet the requirements set forth in this section and only if they generate a paper ballot which provides a backup means of counting the vote that the voter casts. Those voting systems may include optical scan and direct record electronic (DRE) voting systems that produce a paper ballot. Among other requirements as set by the State Board of Elections, the certification requirements shall require at least all of the following elements:

1. That the vendor post a bond or letter of credit to cover damages resulting from defects in the voting system. Damages may include, among other items, any costs of conducting a new election attributable to those defects.
2. That the voting system comply with all federal requirements for voting systems.
3. That the voting system must have the capacity to include in voting tabulation district returns the votes cast by voters outside of the voter's voting tabulation district as required by G.S. 163-132.5G, precinct associated with that voter's voter registration.

**SECTION 9.(c)** Until January 1, 2020, the State Board of Elections shall report for each voter registration the current voting precinct and the 2010 Census Bureau voting tabulation district.

**SECTION 9.(d)** This section becomes effective September 1, 2016, and applies to elections conducted on or after that date and contracts awarded on or after that date.

**SECTION 10.** Except as otherwise provided, this act is effective when it becomes law and applies to elections held on or after that date.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

AN ACT TO ESTABLISH THE ACHIEVEMENT SCHOOL DISTRICT.

The General Assembly of North Carolina enacts:

**SECTION 1.** Subchapter III of Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 7A.

"Achievement School District and Innovation Zones.

§ 115C-75.5. Definitions.

The following definitions apply in this Article:

1. Achievement school. – A qualifying school selected by the State Board of Education under the supervision of the Achievement School District.
2. Achievement School District or ASD. – The statewide school unit established pursuant to this Article.
3. Achievement school operator or AS operator. – An entity selected by the State Board of Education upon the recommendation of the ASD Superintendent to operate an achievement school. The Department of Public Instruction may not be selected as an AS operator.
(4) ASD Superintendent. – The superintendent of the ASD appointed by the State Board of Education in accordance with G.S. 115C-75.6(b).

(5) Qualifying school. – A low-performing school as defined in G.S. 115C-105.37, that meets one of the following criteria:
   a. The school received a school performance score in the lowest five percent (5%) of all schools in the prior school year that meet all of the following requirements:
      1. The school includes all or part of grades kindergarten through fifth.
      2. The school did not exceed growth in at least one of the prior three school years and did not meet growth in at least one of the prior three school years.
      3. One of the models established in G.S. 115C-105.37B for continually low-performing schools had not been adopted for that school for the immediately prior school year.
   b. The school received a school performance score in the lowest ten percent (10%) of all schools that include all or part of grades kindergarten through fifth in the prior school year and has been designated by the local board of education for consideration by the State Board of Education as an achievement school.

§ 115C-75.6. Achievement School District.
(a) There is established the Achievement School District (ASD) under the administration of the State Board of Education. The ASD shall assume the supervision, management, and operation of elementary schools that have been selected as achievement schools pursuant to this Article.
(b) An ASD Superintendent Selection Advisory Committee shall be established to make a recommendation to the State Board of Education on appointment of a superintendent to serve as the executive officer of the ASD. The Committee shall ensure that the individual recommended has qualifications consistent with G.S. 115C-271(a). The Lieutenant Governor shall serve as chair of the Committee and shall appoint the following additional members:
   (1) Three members of the State Board of Education.
   (2) One teacher or retired teacher.
   (3) One principal or retired principal.
   (4) One superintendent or retired superintendent.
   (5) One parent of a student currently enrolled in a low-performing school, as defined in G.S. 115C-105.37.
(c) The State Board of Education shall consider the recommendation of the ASD Superintendent Selection Advisory Committee and shall appoint a superintendent to serve as the executive officer of the ASD. The ASD Superintendent shall serve at the pleasure of the State Board of Education at a salary established by the State Board of Education within the funds appropriated for this purpose. The ASD Superintendent shall have qualifications consistent with G.S. 115C-271(a) and report directly to the State Board of Education.
(d) By January 15 annually, the State Board of Education and the ASD Superintendent shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of ASD, including the selection of achievement schools and their progress.

§ 115C-75.7. Selection of achievement schools.
(a) State Board Selection. – The State Board of Education is authorized to select, upon the recommendation of the ASD Superintendent, no more than five qualifying schools to transfer to the ASD as achievement schools. The five qualifying schools selected for inclusion in the ASD should represent geographic diversity, including urban and rural schools. The State Board of Education shall select no more than one qualifying school per local school administrative unit, unless the local board of education consents.
(b) Selection Process. – The selection of qualifying schools shall be based on an analysis of performance over the most recent three-year period. Prior to recommendation of selection of a qualifying school, the ASD Superintendent shall conduct an evaluation of the school to determine the factors contributing to the school's performance and shall confer with the school principal, local board of education members, the local school superintendent, and the local board of county commissioners to share the findings of the evaluation. The school selection process shall also include a public hearing to allow for parent and community input. The ASD Superintendent shall evaluate and identify the qualifying schools to recommend for selection as prospective achievement schools no later than November 15 prior to the initial school year in which the school may operate as an achievement school and shall notify the local boards of education where prospective achievement schools are located by that date. The State Board of Education shall select the prospective achievement schools no later than January 15.

(c) Local Board Response. – Upon notification by the ASD Superintendent of selection by the State Board of Education of the qualifying school as a prospective achievement school, the local board of education shall determine whether to (i) close the selected qualifying school or (ii) transfer the school into the ASD. The local board shall not be required to undertake the study required by G.S. 115C-72 before closing the school. Before the adoption of a resolution, the local board of education shall provide for a public hearing in regard to the proposed transfer or closure, at which hearing the public shall be afforded an opportunity to express their views. No later than March 1, the local board of education shall adopt a resolution either (i) consenting to transfer of the selected qualifying school to the ASD as an achievement school or (ii) closing that school at the conclusion of that school year. The State Board of Education may delay the transfer of a selected school to the ASD for one year only upon the recommendation of the ASD Superintendent.

(d) Public Notification. – The list of qualifying schools and selected achievement schools shall be made publically available on a Web site maintained by the ASD.

(e) Waivers for Achievement Schools. – The ASD Superintendent may waive State Board of Education rules, regulations, policies, and procedures, or the provisions of this Chapter for achievement schools; however, achievement schools shall be required to comply with, at a minimum, the statutory requirements for charter schools as provided in Article 14A of this Chapter. The goal for each waiver shall be improvement of student performance. All achievement schools shall comply with all applicable constitutional and statutory nondiscrimination requirements.

§ 115C-75.8. Selection of AS operators.

(a) The State Board of Education may select an AS operator for a prospective achievement school by January 15 and shall select an AS operator for a prospective school no later than February 15.

(b) Upon the recommendation of the ASD Superintendent, the State Board of Education shall only select an entity to contract as an AS operator if that entity demonstrates one of the following:

(1) The entity has a record of results in improving performance of persistently low-performing schools or improving performance of a substantial number of persistently low-performing students within a school or schools operated by the entity in this State or other states.

(2) The entity has a credible and specific plan for dramatically improving student achievement in a low-performing school and provides evidence that the entity, or a contractual affiliate of such an entity, is either currently operating a school or schools in this State that provide students a sound, basic education or demonstrating consistent and substantial growth toward providing students a sound, basic education in the prior three school years.

(c) The selected AS operator is encouraged to hold public informational sessions and other outreach to the community, prospective achievement school, and local board of education
of a prospective achievement school prior to a local board’s adoption of the resolution required by G.S. 115C-75.7(c).

(d) The contract between the State Board of Education and AS operator shall require, as a minimum, that the AS operator meet the same requirements as established for charter schools in the following statutes:

1. G.S. 115C-218.20 (Civil liability and insurance requirements).
2. G.S. 115C-218.25 (Open meetings and public records).
3. G.S. 115C-218.30 (Accountability; reporting requirements to State Board of Education).
4. G.S. 115C-218.50 (Charter school nonsectarian).
5. G.S. 115C-218.55 (Nondiscrimination in charter schools).
6. G.S. 115C-218.60 (Student discipline).
8. G.S. 115C-218.75 (General operating requirements).
9. G.S. 115C-218.85 (Course of study requirements).

§ 115C-75.9. Management of achievement schools.

(a) Direct Management by AS Operator. – An achievement school shall be subject to direct management by an AS operator selected by the State Board of Education, upon the recommendation of the ASD Superintendent, for a five-year contract.

(b) Role of AS Operator. – The AS operator shall be authorized to have a direct role in making decisions about school finance, human capital, and curriculum and instruction for the achievement school while developing the leadership capacity in such schools.

(c) Assignment to Achievement Schools. – All achievement schools shall remain open to enrollment in the same manner with the same attendance zone as prior to becoming an achievement school. If a local board of education’s reassignment of students within the local school administrative unit due to student population changes or openings or closures of other schools impacts the achievement school, the AS operator may appeal to the ASD Superintendent and request a hearing before the State Board of Education regarding the reassignment. Notwithstanding G.S. 115C-366, the State Board of Education shall, after hearing from both the local board of education and AS operator, determine whether the reassignment of students impacting the achievement school may proceed.

(d) Facility and Capital Expenditures. – Facility and capital expenditures shall be provided as follows:

1. In addition to the transfer of funds as provided in G.S. 115C-75.10, the local board of education shall be responsible for facility and capital expenditures at the qualifying school.
2. All AS operators and local boards of education shall enter into an occupancy agreement establishing the terms of occupancy for the AS operator not otherwise addressed in statute. If the parties are unable to reach agreement, either party may petition the State Board of Education to resolve any issues in dispute.
3. The AS operator shall have first priority in use of the facility for any purpose related to the operation of the achievement school. The local board of education may allow use of the facility by governmental, charitable, civic, or other organizations for activities within the community and may retain any funds received for such use for any time the AS operator has not provided written notice to the local board of its use of the facility during that time for a purpose related to the operation of the achievement school.

For the purposes of this subsection, facility and capital expenditures include routine maintenance and repair, and capital expenditures include building repair and maintenance, furniture, furnishings, and equipment.
(e) Transportation. – The local board of education shall provide transportation of all students assigned to the achievement school in the same manner as provided for other schools in the local school administrative unit in that school year.

(f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding this section, the AS operator, in consultation with the ASD Superintendent, may elect to enter into a memorandum of understanding for alternate arrangements with the local board of education to address any of the following:

1. Facility and capital expenditures.
2. Transportation services.

If the AS operator elects to use a memorandum of understanding for alternate arrangements, the AS operator and local board of education shall finalize the memorandum of understanding within 30 days of the initial request by the AS operator. If the parties have not completed the memorandum of understanding within 30 days, the State Board of Education shall resolve any issues in dispute.

(g) Student Records. – The local board of education shall make available in a timely fashion all student records to the achievement school at no cost for all students of that school.

(h) Achievement School Employees. – The AS operator shall select and hire the school principal for an achievement school. Within the limits of the school budget, the AS operator or its designee shall select staff members in accordance with guidance from the ASD Superintendent. Before finalizing staffing recommendations, the AS operator and the ASD Superintendent or the Superintendent's designee shall interview all existing staff members at the qualifying school and review student growth and performance data for those staff members for whom it is available. Notwithstanding Article 21A of this Chapter, the AS operator and the ASD Superintendent shall be permitted to examine personnel files of existing staff members for the qualifying school. The AS operator shall have the authority to decide whether any administrator, teacher, or staff member previously assigned to a qualifying school selected to become an achievement school shall continue as an employee of the achievement school. Any such employees retained shall become employees of the ASD. An employee hired to work in an achievement school shall be an employee of the ASD, and the employees shall be under the exclusive control of the ASD. All employees of the ASD shall be eligible for enrollment in the Teachers' and State Employees' Retirement System of North Carolina, the State Health Plan, and other benefits available to State employees. The AS operator shall provide funds to the ASD in an amount sufficient to provide salary and benefits for employees of the ASD working in the achievement school based on the terms of employment established by the AS operator.

(i) Criminal History Checks. – The State Board of Education shall require applicants for employment with the ASD to be checked for criminal histories using the process provided in G.S. 115C-297.1. The State Board of Education shall provide the criminal history it receives to the ASD Superintendent and AS operator.

(j) Employees of Local Board of Education. – The transfer of a qualifying school shall be deemed a reorganization of the local school administration unit resulting in a reduction in force. If an employee is not given the option to continue as an employee for the achievement school, the local board of education may, in its discretion, do any of the following:

1. Continue the employee's employment with the local board of education.
2. Dismiss the employee due to a reduction in force as provided in Article 22 of this Chapter.
3. Dismiss the employee as otherwise provided in Article 22 of this Chapter.

(k) Liability Insurance. – The AS operator shall maintain reasonable amounts and types of liability insurance as established by the State Board of Education. No civil liability shall attach to a local board of education or to any of its members or employees, individually or collectively, for any acts or omissions of the AS operator.

(l) School Nutrition Program. – The achievement school shall participate in the National School Lunch Program, as provided in G.S. 115C-264.
(m) Cooperation with ASD Superintendent. – The local board of education shall cooperate with the ASD Superintendent in carrying out his or her powers and duties as necessary in accordance with this Chapter.

§ 115C-75.10. Achievement schools funds.

(a) Funding Allocation Selection. – State and local funding for an achievement school shall be allocated as provided in subsection (b) or subsection (c) of this section. The AS operator shall select one of the allocation methods as the method to be used for the achievement school.

(b) Designated Funding. – Funding shall be allocated to the ASD for the achievement school by the State Board of Education and local board of education as follows:

(1) The State Board of Education shall allocate the following to the ASD for each achievement school:
   a. An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the achievement school was located for each child attending the achievement school except for the allocations for (i) children with disabilities, (ii) children with limited English proficiency, and (iii) transportation. The State Board of Education shall provide the allocation for transportation to the local school administrative unit in which the achievement school is located.
   b. An additional amount for each child attending the achievement school who is a child with disabilities.
   c. An additional amount for children with limited English proficiency attending the achievement school, based on a formula adopted by the State Board of Education.

(2) The local school administrative unit in which the achievement school is located shall transfer to the ASD for the achievement school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the ASD for the achievement school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and ASD may use the process for mediation of differences between the State Board of Education and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to an achievement school located in the tax district for which these taxes are levied and in which the student resides. The local school administrative unit shall also provide the ASD with all of the following information within the 30-day time period provided in this subsection:
   a. The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
   b. The student membership numbers used to calculate the per pupil share of the local current expense fund.
   c. How the per pupil share of the local current expense fund was calculated.
   d. Any additional records requested by the ASD from the local school administrative unit in order for the ASD to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(c) Funding Memorandum of Understanding. – The AS operator, in consultation with the ASD Superintendent, may enter into a funding memorandum of understanding with the
local board of education of the local school administrative unit where the achievement school is located for all student support and operational services and instructional services to be provided by the local board of education in the same manner and degree as in the prior school year or funding in an amount equivalent to the amount the local board of education would have expended on those services if provided. For the purposes of this subsection, student support and operational services include cafeteria services, custodial services, broadband and utilities, and student information services, and instructional services include alternative education, special education services, test administration services, textbooks, technology, media resources, instructional equipment, and other resources. The AS operator and local board of education shall finalize the funding memorandum of understanding within 30 days of the initial request for the memorandum by the AS operator. If the parties have not completed the funding memorandum of understanding within 30 days, the State Board of Education shall resolve any issues in dispute.

(d) The ASD may seek, manage, and expend federal money and grants, State funding, and other funding with the same authority as a local school administrative unit, including decisions related to allocation of State funds among achievement schools.

§ 115C-75. Accountability and governance for achievement schools.

(a) The AS operator shall set clear goals related to higher academic outcomes for students, safe and positive learning environments for children, parent and community engagement, and the efficient and effective use of taxpayer dollars, empower and equip teachers and school leaders to meet the goals, and hold such teachers and school leaders accountable to meet the goals. The AS operator shall apply to the ASD Superintendent for appropriate waivers for the achievement school pursuant to G.S. 115C-75.7(e).

(b) The AS operator shall select, approve, or remove the school principal of an achievement school that it is managing in accordance with this Article.

(c) The AS operator shall enter into an agreement with the school principal regarding specific goals for the achievement school related to higher academic outcomes for students, safe and positive learning environments for children, parent and community engagement, and the efficient and effective use of taxpayer dollars. The agreement shall be made publicly available on the ASD Web site.

(d) An achievement school shall not be included in any State evaluation or performance models used for the local school administrative unit in which the school is located but shall be considered a part of the ASD for all evaluation purposes.

§ 115C-75.12. Term of supervision for an achievement school.

(a) An achievement school shall remain under the supervision of the ASD for a minimum of five consecutive years through a contract with an AS operator. The following shall apply to the term of a contract with an AS operator of an achievement school:

(1) Early termination of contract based on performance. – If, during the five-year contract, the achievement school's annual percentage growth does not exceed the average annual percentage growth of other qualifying schools for three consecutive years, the State Board of Education, upon the recommendation of the ASD Superintendent, may terminate the contract at the conclusion of the academic year and select another AS operator in accordance with G.S. 115C-75.8 to assume the remainder of the five-year contract and any occupancy agreements or memorandums of understanding with the local board of education at the beginning of the next academic year.

(2) Nonrenewal of contract based on performance. – If, by the end of the five-year contract, the achievement school's average annual percentage growth during the term of the contract does not exceed the average annual percentage growth of other qualifying schools during the same term, the State Board of Education shall not renew the contract of the AS operator and develop a transition plan to return the school to the local school administrative unit.
(3) State Board of Education optional extension of contract for three years. – If, by the end of the five-year contract, the achievement school remains a qualifying school but has exceeded the average annual percentage growth of other qualifying schools and has shown growth over the term of the contract, the State Board of Education, upon the recommendation of the ASD Superintendent in his or her discretion, may continue the contract with the AS operator for an additional three-year term. The ASD Superintendent and AS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ASD at the conclusion of the three-year extension of the contract. If the State Board of Education does not elect to continue the contract, the State Board of Education may do any of the following:
   a. Select another AS operator for a three-year contract.
   b. Close the school as provided in subdivision (2) of this subsection.
   c. Develop a transition plan to return the school to the local school administrative unit for the next school year.

(4) AS operator option to extend contract for three years. – If, by the end of the five-year contract, the achievement school receives a grade of C or higher under G.S. 115C-12(9)c1., the AS operator shall have the option to extend the contract for another three-year term. The ASD Superintendent and AS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ASD at the conclusion of the three-year extension of the contract. Options at the conclusion of the contract shall include the following:
   a. Conversion to charter. – If, in the development of the transition plan, a local board of education indicates by resolution to the State Board of Education that the local board of education elects to not receive the transfer of the achievement school back to the local school administrative unit, the AS operator may apply to convert the school to a charter school under Article 14A of this Chapter. If a charter is awarded, the charter board of directors may request to use the facility as provided in G.S. 115C-218.35. If the AS operator does not seek conversion to a charter school or fails to receive a charter, the State Board of Education may close the school as provided in subdivision (2) of this subsection.
   b. Alternate as operator or return to local school administrative unit. – If the AS operator does not elect to continue the contract, the State Board of Education may select another AS operator for a three-year contract or may develop a transition plan to return the school to the local school administrative unit for the next school year.

(5) Termination of contract on other grounds. – The State Board of Education, upon the recommendation of the ASD Superintendent, may terminate a contract with an AS operator at any time during the contract for financial mismanagement, noncompliance with federal or State laws, failure to comply with the terms of the contract, or evidence of criminal activity. The State Board of Education shall develop a transition plan to return the school to the local school administrative unit.

(b) An achievement school shall remain under the supervision of the ASD for no more than eight years.
(c) The State Board of Education shall make all decisions related to contracts for AS operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this section.

§ 115C-75.13. Innovation zones.
(a) If a local board of education transfers a qualifying school to the ASD, the local board of education may ask the State Board of Education to be allowed to create an innovation zone for up to three continually low-performing schools within its local school administrative unit. The State Board of Education shall grant such requests for the creation of an innovation zone. The State Board of Education shall also authorize the local board of education the flexibility to operate the schools within the innovation zone with the same exemptions from statutes and rules as a charter school authorized under Article 14A of this Chapter and with exemptions from local board of education policies as needed to ensure autonomy under the guidance of the innovation zone office for financial, programmatic, staffing, and time allocation decisions.

(b) The innovation zone created by a local board of education must include all of the following:

1. Development of a clear and specific plan for improving schools within the innovation zone.
2. Establishment of an innovation zone office with a leader appointed by the local board of education and approved by the State Board of Education to govern and lead the schools in the innovation zone.
3. Attraction of high-quality staff at schools in the innovation zone through the use of incentives, favorable working conditions, and development of partnerships to develop human capital.
4. Accountability for those schools based on established benchmarks and goals for student achievement and for support services provided by the local school administrative unit based on metrics established by the innovation zone office for effective and efficient delivery.
5. Support for those schools by the innovation zone office to ensure priority in services from the local school administrative unit, pursuit of outside funding, and technical support, including support from external partners.

(c) A local board of education may maintain an innovation zone created as provided in subsection (a) for up to five consecutive years. The State Board of Education may terminate the innovation zone as follows:

1. Early termination of innovation zone based on performance. – If, during the five-year period, the average of the annual percentage growth of the schools within the innovation zone does not exceed the average annual percentage growth of other continually low-performing schools for three consecutive years, the State Board of Education, upon the recommendation of the ASD Superintendent, may terminate the innovation zone at the conclusion of the academic year.
2. Nonrenewal of innovation zone based on performance. – If, by the end of the five-year period, the average annual percentage growth of the schools within the innovation zone over the five-year period does not exceed the average annual percentage growth of other continually low-performing schools during the same term, the State Board of Education shall not permit the local board of education to continue the innovation zone.
3. State Board of Education optional extension of innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone remain continually low-performing schools but have exceeded the average annual percentage growth of other continually low-performing schools, the State Board of Education, upon the
recommendation of the ASD Superintendent in his or her discretion, may allow continuation of the innovation zone for an additional three years.

(4) Local board of education option to extend innovation zone for three years. – If, by the end of the five-year period, the schools within the innovation zone receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of education shall have the option to extend the innovation zone for another three years."

SECTION 2. G.S. 115C-105.37A is amended by adding a new subsection to read:

"(d) The State Board of Education shall report annually to the Superintendent of the Achievement School District on any schools identified under this section as qualifying schools as defined in G.S. 115C-75.5 for consideration to be selected as achievement schools in accordance with Article 7A of this Chapter."

SECTION 3. G.S. 115C-321(a) reads as rewritten:

"(a) All information contained in a personnel file, except as otherwise provided in this Chapter, is confidential and shall not be open for inspection and examination except to any of the following persons:

(1) The employee, applicant for employment, former employee, or his properly authorized agent, who may examine his own personnel file at all reasonable times in its entirety except for letters of reference solicited prior to employment.

(2) The superintendent and other supervisory personnel.

(3) Members of the local board of education and the board's attorney.

(4) A party by authority of a subpoena or proper court order may inspect and examine a particular confidential portion of an employee's personnel file.

(5) An achievement school operator and the Superintendent of the Achievement School District if the school where the individual is employed has been selected as an achievement school as provided in Article 7A of this Chapter."

SECTION 4. Evaluation of the Achievement School District and Other Innovation Models. – The State Board of Education shall contract during the 2016-2017 school year with an independent research organization to evaluate the implementation and effectiveness of the following:

(1) The Achievement School District in turning around low-performing schools beginning with the 2017-2018 school year through the 2021-2022 school year, including the innovation zone established in Section 4.5 of this act. The State Board of Education shall require AS operators to provide the independent research organization with requested data to conduct the evaluation. The independent research organization shall include an analysis on the impact of public versus private funding in the effectiveness of the Achievement School District.

(2) Innovation zones in turning around low-performing schools beginning with the 2016-2017 school year through the 2021-2022 school year. The State Board of Education shall require local boards of education granted innovation zones to provide the independent research organization with requested data to conduct the evaluation.

The independent research organization shall report its interim findings to the State Board of Education annually no later than February 15, beginning in 2017, and shall submit a final report no later than February 15, 2023. The State Board of Education shall provide the report of the independent research commission, along with any recommended legislative changes, to the Joint Legislative Education Oversight Committee annually no later than March 1, beginning in 2017 until submission of the final report in 2023.

SECTION 4.5 The State Board of Education shall authorize the Charlotte-Mecklenburg (CMS) Board of Education to create an innovation zone among Project
LIFT schools and Beacon Initiative schools, as provided in G.S. 115C-75.13, for the 2017-2018 through 2021-2022 school years. Notwithstanding G.S. 115C-75.13, the CMS innovation zone may include up to five low-performing schools. For the purposes of this section, Project LIFT schools are those schools within the feeder area for West Charlotte High School governed by the collaborative agreement between the CMS Board of Education and Project Leadership and Investment for Transformation. Beacon Initiative schools are those schools designated by the CMS Board of Education to participate in the Beacon Initiative Partnership between the CMS Board of Education and the University of Virginia.

SECTION 5. There is appropriated from the General Fund to the Department of Public Instruction four hundred thousand dollars ($400,000) in recurring funds for the 2016-2017 fiscal year for salary and benefits for the ASD Superintendent, staff, and other expenses associated with the ASD. There is appropriated from the General Fund to the Department of Public Instruction five hundred thousand dollars ($500,000) for the 2016-2017 fiscal year to contract with an independent research organization to conduct the evaluation required in Section 4 of this act.

SECTION 6. It is the intent of the General Assembly to appropriate to the Department of Public Instruction four hundred fifty thousand dollars ($450,000) for the 2017-2018 fiscal year and annually thereafter for innovation zone model grants. Upon appropriation of funds, the State Board of Education shall award innovation zone model grants of up to one hundred fifty thousand dollars ($150,000) per fiscal year for five years to local boards of education who (i) have been authorized to adopt the innovation zone model by the State Board of Education for up to three schools and (ii) provide a dollar-for-dollar match with non-State funding for the requested grant amount. Innovation zone model grants shall be directed by local boards of educations to the innovation zone office to address specific issues in innovation zone schools.

SECTION 7. This act becomes effective only if funds are appropriated by the Current Operations Appropriations Act of 2016 for the Achievement School District.

SECTION 8. This act is effective when it becomes law and supervision of achievement schools by the Achievement School District shall begin with the 2017-2018 school year. In the discretion of the State Board of Education (i) the ASD Superintendent may not be required during the 2016-2017 school year to recommend qualifying schools for inclusion in the ASD for the 2017-2018 school year and (ii) the time line for selection of achievement schools for the 2017-2018 school year provided in G.S. 115C-75.7 may be varied, but in no event may the local board of education's decision occur later than April 1, 2017. The State Board of Education may select up to five qualifying schools to transfer to the ASD beginning with the 2017-2018 school year but shall select at least two qualifying schools to transfer to the ASD no later than the 2018-2019 school year and shall have selected five qualifying schools for transfer to the ASD no later than the 2019-2020 school year.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-111
H.B. 483
AN ACT TO MAKE CHANGES TO THE LAND-USE REGULATORY LAWS OF THE STATE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 160A-385 is amended by adding a new subsection to read:
"(b1) Amendments in zoning ordinances, subdivision ordinances, and unified development ordinances shall not be applicable or enforceable without the written consent of the owner with regard to a multi-phased development as defined in G.S. 160A-385.1(b)(7). A multi-phased development shall be vested for the entire development with the zoning ordinances, subdivision ordinances, and unified development ordinances then in place at the
time a site plan approval is granted for the initial phase of the multi-phased development. A right which has been vested as provided for in this subsection shall remain vested for a period of seven years from the time a site plan approval is granted for the initial phase of the multi-phased development."

SECTION 2. G.S. 160A-385.1(b) reads as rewritten:

"(b) Definitions.

(7) "Multi-phased development" means a development containing 100 acres or more that (i) is submitted for site plan approval for construction to occur in more than one phase and (ii) is subject to a master development plan with committed elements, including a requirement to offer land for public use as a condition of its master development plan approval."

SECTION 3. G.S. 153A-344 is amended by adding a new subsection to read:

"(b1) Amendments in zoning ordinances, subdivision ordinances, and unified development ordinances shall not be applicable or enforceable without the written consent of the owner with regard to a multi-phased development as defined in G.S. 153A-344.1(b)(7). A multi-phased development shall be vested for the entire development with the zoning ordinances, subdivision ordinances, and unified development ordinances then in place at the time a site plan approval is granted for the initial phase of the multi-phased development. A right which has been vested as provided for in this subsection shall remain vested for a period of seven years from the time a site plan approval is granted for the initial phase of the multi-phased development."

SECTION 4. G.S. 153A-344.1(b) reads as rewritten:

"(b) Definitions.

... (7) "Multi-phased development" means a development containing 100 acres or more that (i) is submitted for site plan approval for construction to occur in more than one phase and (ii) is subject to a master development plan with committed elements, including a requirement to offer land for public use as a condition of its master development plan approval."

SECTION 5. This act is effective when it becomes law and applies to multi-phased developments with approved site plans which are valid and unexpired on the effective date of this section and to multi-phased developments approved on or after the effective date of this act.

In the General Assembly read three times and ratified this the 1\st\ day of July, 2016.

Session Law 2016-112

AN ACT TO REQUIRE THE SECRETARY OF REVENUE TO COMPILE INFORMATION ABOUT THE NUMBER OF VETERANS FILING TAX RETURNS IN NORTH CAROLINA ANNUALLY AND PROVIDE THIS INFORMATION TO THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS.

Whereas, over 770,000 veterans reside across all of North Carolina's one hundred counties; and

Whereas, North Carolina proudly has one of the largest veteran populations in the country; and

Whereas, the number of veterans across our State underscores the importance and impact of the State's current military base populations to our State and how veterans and their families continue to reside in the State after the conclusion of their military service to further contribute to the State's workforce and economy; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. Article 9 of Chapter 105 of the General Statutes is amended by adding a new section to read:
"§ 105-254.1. Identification of veterans on income tax form D-400.

(a) The Secretary shall provide appropriate space and instructions on the individual income tax form D-400 for an individual to voluntarily indicate whether or not the filing individual is a veteran and, on a joint return, whether or not the individual's spouse is a veteran.

(b) Using the information reported pursuant to this section, the Secretary shall compile summary information on an aggregate basis about the number of veterans filing tax returns in this State and shall annually provide that information to the Department of Military and Veterans Affairs no later than January 15 of each year. Information specific to individual employers or employees shall remain confidential in accordance with G.S. 105-259.

(c) As used in this section, the term "veteran" shall mean a person as defined in G.S. 143B-1213(3)b."

SECTION 2. The Department of Revenue shall update individual income tax form D-400 to comply with Section 1 of this act for taxable years beginning on or after January 1, 2016. The Department of Revenue may include in the instructions for the individual income tax form D-400 an explanation that veteran status is being requested to assist the State in documenting the importance and impact of the State's military population in our communities and on our State and local economies, and that information specific to individual filers will remain confidential in accordance with G.S. 105-259.

SECTION 3. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-113  S.B. 770

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE AGRICULTURAL COMMUNITY.

The General Assembly of North Carolina enacts:

PROVIDE THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES WITH ENFORCEMENT AUTHORITY FOR THE PROGRAM GOVERNING BEDDING IMPROPERLY MADE, SANITIZED, OR TAGGED

SECTION 1.(a) Article 4H of Chapter 106 of the General Statutes is amended by adding five new sections to read:

"§ 106-65.105A. Detention or embargo of product or item suspected of being adulterated or misbranded.

(a) If an authorized agent of the Department of Agriculture and Consumer Services finds or has probable cause to believe that any bedding, secondhand bedding, material, or other item regulated under this Article is unsanitary, mislabeled, unsafe for its intended use, a danger to the public, or is otherwise in violation of the requirements of this Article, the agent may affix to the item a tag or other appropriate marking giving notice that the item has been detained or embargoed with information identifying the violation(s). It shall be a violation of this Article for any person to remove or alter a tag authorized by this subsection, or to remove or dispose of a detained or embargoed item by sale or otherwise, without such permission, and the tag or marking shall include a warning to that effect.

(b) When an item is detained or embargoed under subsection (a) of this section, an authorized agent of the Department of Agriculture and Consumer Services may petition a judge of the district or superior court in whose jurisdiction the item is detained or embargoed for an order for condemnation of the item. When an authorized agent has found that an item detained or embargoed is not unsanitary, mislabeled, unsafe for its intended use, a danger to the public, or otherwise in violation of the requirements of this Article, the agent shall remove the tag or other marking.

(c) If the court finds that a detained or embargoed item is unsanitary, mislabeled, or contains toxic materials, the item shall, after entry of the decree, be destroyed at the expense of the item's claimant, under the supervision of an authorized agent of the Department of
Agriculture and Consumer Services; and all court costs and fees, storage, and other proper expenses shall be levied against the claimant of the item or the claimant's agent; provided, that when the unsanitary condition, mislabeling, safety concerns, or other violation can be corrected by proper labeling or processing of the item, the court, after entry of the decree and after costs, fees, and expenses have been paid and a good and sufficient bond, conditioned that the item shall be properly labeled or processed, has been executed, may by order direct that the item be delivered to the item's claimant for proper labeling or processing under the supervision of an agent of the Department of Agriculture and Consumer Services. The expense of the Department's supervision shall be paid by the claimant. The amount of any bond paid shall be returned to the claimant of the item on representation to the court by the Department of Agriculture and Consumer Services that the item is no longer in violation of this Article and that the expenses of the Department's supervision have been paid.

§ 106-65.105B. Injunctions restraining violations.
In addition to any other remedies provided by this Article, the Commissioner is authorized to apply to the superior court for, and the court shall have jurisdiction upon hearing and for cause shown to grant, a temporary or permanent injunction restraining any person from violating any provision of this Article or any rule promulgated thereunder, irrespective of whether or not there exists an adequate remedy at law.

§ 106-65.105C. Civil penalties.
(a) The Commissioner may assess a civil penalty of not more than two thousand five hundred dollars ($2,500) per violation against any person, firm, or corporation that violates or directly causes a violation of any provision of this Article, rules, regulations, or standards promulgated hereunder, or lawful order of the Commissioner. In addition, if any person continues to violate or further violates any provision of this Article after written notice from the Commissioner, the Commissioner may determine that each day during which the violation continued or is repeated constitutes a separate violation subject to additional civil penalties. In determining the amount of the penalty, the Commissioner shall consider the degree and extent of harm caused or potentially caused by the violation.

(b) Prior to assessing a civil penalty, the Commissioner shall give the person written notice of the violation and a reasonable period of time in which to correct the violation. However, the Commissioner shall not be required to give a person time to correct a violation before assessing a penalty if the Commissioner determines the violation has the potential to cause physical injury or illness.

(c) The Commissioner may consider the training and management practices implemented by the person, firm, or corporation for the purpose of complying with this Article as a mitigating factor when determining the amount of the civil penalty.

(d) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

§ 106-65.105D. Violation a misdemeanor.
(a) Except as otherwise provided, any person, firm, or corporation that violates any of the provisions of this Article, or any of the rules, regulations, or standards promulgated hereunder, shall be deemed guilty of a Class 2 misdemeanor.

(b) Any person, firm, or corporation that provides the Commissioner or a duly authorized agent of the Commissioner with false or misleading information in relation to a license application or renewal, inspection, or investigation authorized by this Article shall be deemed guilty of a Class 2 misdemeanor.

(c) Any person, firm, or corporation that alters or removes a tag indicating that an item has been detained or embargoed pursuant to G.S. 106-65.105A(a) without first receiving permission from the court or a duly authorized agent under this Article shall be deemed guilty of a Class 2 misdemeanor.

(d) Any person, firm, or corporation that removes or disposes of any item detained or embargoed under G.S. 106-65.105A(a) without first receiving permission from the court or a duly authorized agent under this Article shall be deemed guilty of a Class 2 misdemeanor.
(e) Any person who willfully resists, opposes, impedes, intimidates, or interferes with any duly authorized agent while engaged in or on account of the performance of the duly authorized agent’s official duties under this Article shall be guilty of a Class 2 misdemeanor. Whoever, in the commission of any such acts, uses a deadly weapon shall be guilty of a Class 1 misdemeanor.

(f) If any person continues to violate or further violates any provision of this Article after receiving written notice from the Commissioner, the court may determine that each day during which the violation continued or is repeated constitutes a separate violation.


Nothing in this Article shall be construed to require the Commissioner to initiate, or attempt to initiate, any criminal or administrative proceedings under this Article for minor violations of this Article whenever the Commissioner believes that the public interest will be adequately served in the circumstances by a suitable written notice or warning."

SECTION 1.(b) This section becomes effective December 1, 2016, and applies to offenses committed on or after that date.

AUTHORIZE THE DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO APPOINT AND DEPLOY AGRICULTURAL EMERGENCY RESPONSE TEAMS IN AGRICULTURAL EMERGENCIES

SECTION 2.(a) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 85.
"Agricultural Emergency Response Act.

§ 106-1033. Short title.
This Article shall be known as the "Agricultural Emergency Response Act."

§ 106-1034. Statement of purpose and authorization.
The North Carolina Department of Agriculture and Consumer Services is authorized to aid and assist agricultural operations and landowners in the preparedness for, response to, and recovery from agricultural emergencies. This authorization is given separate and apart from the authorities authorized by Chapter 166A of the General Statutes and shall not require declaration of a state of emergency pursuant to G.S. 166A-19.20 for its implementation. In the event of a state of emergency declaration and where this Article is inconsistent with the provisions of Chapter 166A of the General Statutes, the provisions of Chapter 166A of the General Statutes shall control as to the areas covered under the declaration. The Board of Agriculture may adopt rules necessary for the implementation and administration of this Article.

For purposes of this Article, the following definitions apply:

(1) "Agricultural emergency" means an emergency, as defined in G.S. 166A-19.3, that results in exposure of or damage to pre- or post-harvest of plants, livestock, feed, water resources, or infrastructure which adversely affects one or more members of the agricultural community and the economic viability of the agriculture industry within the State.

(2) "Agricultural Emergency Response Team" means employees of the North Carolina Department of Agriculture and Consumer Services who have been designated by the Commissioner to respond to agricultural emergencies, as authorized by G.S. 106-1036, and any personnel operating under agreement with the Department as a contracted service, including, but not limited to, private companies and units of local government.

(3) "Commissioner" means the Commissioner of Agriculture.

(4) "Department" means the North Carolina Department of Agriculture and Consumer Services.
§ 106-1036. Agricultural Emergency Response Teams authorized.
When the Commissioner determines, in consultation with the Governor, that there is an imminent threat of an agricultural emergency or that an agricultural emergency exists within the State that threatens to cause damage to or has caused damage to agricultural lands, facilities, and operations, the Commissioner is authorized to deploy Agricultural Emergency Response Teams to aid in prevention measures and recovery efforts on the premises of agricultural landowners throughout the State, wherever located.

§ 106-1037. Immunity and liability.
All functions authorized by this Article and all other activities relating to agricultural emergencies are hereby declared to be governmental functions. Neither the State nor any political subdivision thereof, nor, except in cases of willful misconduct, gross negligence, or bad faith, any Agricultural Emergency Response Team worker, firm, partnership, association, or corporation complying with or reasonably attempting to comply with this Article or any order, rule, or regulation promulgated pursuant to the provisions of this Article, shall be liable for the death of or injury to persons or for damage to property as a result of any such activity.

§ 106-1038. No private liability.
Any person, firm, or corporation, together with any successors in interest, if any, owning or controlling real or personal property who, voluntarily or involuntarily, knowingly or unknowingly, with or without compensation, grants a license or privilege or otherwise permits or allows the designation or use of the whole or any part or parts of such real or personal property for the purpose of activities or functions relating to agricultural emergency response as provided for in this Article or elsewhere in the General Statutes shall not be civilly liable for the death of or injury to any person or the loss of or damage to the property of any persons where such death, injury, loss, or damage resulted from, through, or because of the use of the said real or personal property for any of the above purposes, provided that the use of said property is subject to the order or control of or pursuant to a request under the authority of this Article.

§ 106-1039. Funding for agricultural emergency response.
In order to fully execute the authorities prescribed in this Article, the North Carolina Department of Agriculture may, at the discretion of the Commissioner, use any funds available to the Department which have been allocated by the General Assembly from the General Fund of the State, use of which is not otherwise restricted by law.

State and local governmental bodies and other organizations and personnel who carry out functions under the provisions of this Article shall do so in an equitable and impartial manner. Such State and local governmental bodies, organizations, and personnel shall not discriminate on the grounds of race, color, religion, nationality, sex, age, or economic status in the relief and assistance activities.

SECTION 2.(b) Article 1 of Chapter 166A of the General Statutes is amended by adding a new section to read:

§ 166A-19.77A. Agricultural Emergency Response Teams authorized.
The Department of Agriculture and Consumer Services is designated as an emergency response agency for purposes of the following:

(1) Deploying Agricultural Emergency Response Teams, as that term is defined in G.S. 106-1035, to respond to agriculture-related incidents.
(2) Receipt of any applicable State or federal funding.
(3) Training of other State and local agencies in agricultural emergency response.
(4) Any other emergency response roles for which Agricultural Emergency Response Teams have special training or qualifications.

SECTION 2.(c) This section is effective when it becomes law.
ALLOW WILDLIFE MANAGEMENT AGENCIES TO CULL FERAL SWINE FROM AIRCRAFT

SECTION 3. Article 22 of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-299. Aerial management of feral swine.

Notwithstanding G.S. 113-291.1(b)(1), employees of the Wildlife Resources Commission and employees of federal agencies whose responsibilities include fisheries and wildlife management, in the performance of such employees' official duties, may cull feral swine from aircraft, with the written permission of the landowner. However, no such activity shall occur in coastal counties, as defined in G.S. 113A-103(2) during waterfowl season."

DIRECT DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO INSPECT RENDERING PLANTS

SECTION 4.(a) G.S. 106-168.5 is repealed.

SECTION 4.(b) G.S. 106-168.6 reads as rewritten:

"§ 106-168.6. Inspection by committee; certificate of specific findings.

The committee upon notification by the Commissioner or the Commissioner's designee shall promptly inspect the plans, specifications, and selected site in the case of proposed rendering plants and shall inspect the buildings, grounds, and equipment of established rendering plants. If the committee finds that the plans, specifications, and selected site in the case of proposed plants, or the buildings, grounds, and equipment in the case of established plants, comply with the requirements of this Article and the rules and regulations promulgated by the Commissioner, the committee shall notify the applicant in writing of the deficiencies and the committee shall, within a reasonable time to be determined by the Commissioner, make a second inspection. If the specified defects are remedied, the committee shall certify its findings in writing. Not more than two inspections shall be required of the committee under any one application."

SECTION 4.(c) G.S. 106-168.7 reads as rewritten:

"§ 106-168.7. Issuance of license.

Upon receipt of the certificate of compliance from the committee, the Commissioner shall issue a license to the applicant to conduct rendering operations as specified in the application. A license shall be valid until revoked for cause as hereinafter provided."

SECTION 4.(d) G.S. 106-168.12 reads as rewritten:


The Commissioner of Agriculture is hereby authorized to make and establish reasonable rules and regulations, consistent with the provisions of this Article, for the proper administration and enforcement thereof."

SECTION 4.(e) G.S. 106-168.13 reads as rewritten:


Failure to comply with the provisions of this Article or rules and regulations not inconsistent therewith adopted pursuant to this Article shall be cause of revocation of license, if such failure shall not be remedied within a reasonable time after notice to the licensee. Any person whose license is revoked may reapply for a license in the manner provided in this Article for an initial application, except that the Commissioner shall not be required to cause the rendering plant and equipment of the applicant to be inspected by the committee until the expiration of 30 days from the date of revocation."

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REQUIRE TRAINING FOR APPOINTED AND ELECTED SOIL AND WATER DISTRICT SUPERVISORS

SECTION 5.(a) G.S. 139-4(d) reads as rewritten:

"(d) In addition to the duties and powers hereinafter conferred upon the Soil and Water Conservation Commission, it shall have the following duties and powers:

... (13) To establish a training program required for all district supervisors."

SECTION 5.(b) Article 1 of Chapter 139 of the General Statutes is amended by adding a new section to read:

"§ 139-7.2. Training of elective and appointive district supervisors.
(a) All district supervisors, whether elected or appointed, shall complete a minimum of six clock hours of training annually.
(b) The training shall include soil, water, and natural resources conservation and the duties and responsibilities of district supervisors.
(c) The training may be provided by the School of Government at the University of North Carolina at Chapel Hill, or other qualified sources as approved by the Soil and Water Conservation Commission."

BOARD OF AGRICULTURE RULE-MAKING AUTHORITY FOR ANIMAL SHELTER SUPPORT FUND

SECTION 6.(a) G.S. 19A-67 reads as rewritten:

(a) Creation. – The Animal Shelter Support Fund is established as a special fund in the Department of Agriculture and Consumer Services. The Fund consists of appropriations by the General Assembly or contributions and grants from public or private sources.
(b) Use. – The Fund shall be used by the Animal Welfare Section of the Department of Agriculture and Consumer Services to reimburse local governments for expenses related to their operation of a registered animal shelter due to any of the following:
   (1) The denial, suspension, or revocation of the shelter's registration.
   (2) An unforeseen catastrophic disaster at an animal shelter.
(c) Rules. – The Animal Welfare Section Board of Agriculture shall issue rules detailing eligible expenses and application guidelines that comply with the requirements of this Article.
(d) Reversion. – Any appropriated and unencumbered funds remaining at the end of each fiscal year in excess of two hundred fifty thousand dollars ($250,000) shall revert to the General Fund."

SECTION 6.(b) The Board of Agriculture may adopt temporary rules to administer the Animal Shelter Support Fund in accordance with subsection (a) of this section.

RULE-MAKING EXEMPTION FOR FOREST MANAGEMENT PLANS

SECTION 7.(a) G.S. 150B-1(d) reads as rewritten:

"§ 150B-1. Policy and scope.
... (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the following:
... (26) The Board of Agriculture in the Department of Agriculture and Consumer Services with respect to the following:
   a. Annual admission fees for the State Fair.
   b. Operating hours, admission fees, or related activity fees at State forests.
   The Board shall annually post the admission fee and operating hours schedule on its Web site and provide notice of the schedule, along with a
citation to this section, to all persons named on the mailing list maintained pursuant to G.S. 150B-21.2(d).

§ 106-1004. Fees for forest management plans.

The Board of Agriculture shall establish by rule a schedule of fees for the preparation of forest management plans developed pursuant to this Chapter. The fees established by the Board shall not exceed the amount necessary to offset the costs of the Department of Agriculture and Consumer Services to prepare forest management plans."

ALLOW LOCAL PREFERENCE FOR SCHOOL FOOD PROCUREMENT

SECTION 8. Part 2 of Article 17 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-264.4. Local preference for produce in schools.

A local school board may develop and implement policies and procedures to facilitate and maximize to the extent practicable, purchases of food grown or raised in North Carolina, including, but not limited to, policies that permit a percentage price preference for the purpose of procuring food grown or raised within the State. As used in this section, "price percentage preference" means the percent by which a responsive bid from a responsible bidder whose product is grown or raised in North Carolina may exceed the lowest responsive bid submitted by a responsible bidder whose product is not grown or raised in North Carolina."

ALLOW CHORIONIC GONADOTROPIN INJECTIONS FOR VETERINARY USE

SECTION 9. G.S. 90-91 reads as rewritten:

"§ 90-91. Schedule III controlled substances.

This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that a substance comes within this schedule, the Commission shall find: a potential for abuse less than the substances listed in Schedules I and II; currently accepted medical use in the United States; and abuse may lead to moderate or low physical dependence or high psychological dependence. The following controlled substances are included in this schedule:

... (k) Anabolic steroids. The term "anabolic steroid" means any drug or hormonal substance, chemically and pharmacologically related to testosterone (other than estrogens, progesterins, and corticosteroids) that promotes muscle growth, including, but not limited to, the following:

1. Methandrosteno
dolone,
2. Stanozolol,
3. Ethylestrenol,
4. Nandro
do
do
do
do
lone phenpropionate,
5. Nandro
do
do
do
do
lone decanoate,
6. Testosterone propionate,
7. Chorionic gonadotropin,
8. Boldenone,
9. Chlorotestosterone (4-chlorotestosterone),
10. Clostebol,
11. Dehydrochormethyltestosterone,
12. Dibydrotestosterone (4-dihydrotestosterone),
13. Drostanolone,
14. Fluoxymesterone,
15. Formebulone (forme
bolone),

16. Mesterolene,
17. Methandienone,
18. Methandranone,
19. Methandriol,
20. Methenolene,
21. Methyltestosterone,
22. Mibolerone,
23. Nandrolene,
24. Norethandrolene,
25. Oxandrolone,
26. Oxymesterone,
27. Oxymetholone,
28. Stanolone,
29. Testolactone,
30. Testosterone,
31. Trenbolone, and
32. Any salt, ester, or isomer of a drug or substance described or listed in this subsection, if that salt, ester, or isomer promotes muscle growth. Except such term does not include (i) an anabolic steroid which is expressly intended for administration through implants to cattle or other nonhuman species and which has been approved by the Secretary of Health and Human Services for such administration, administration or (ii) chorionic gonadotropin when administered by injection for veterinary use by a licensed veterinarian or the veterinarian's designated agent. If any person prescribes, dispenses, or distributes such steroid for human use, such person shall be considered to have prescribed, dispensed, or distributed an anabolic steroid within the meaning of this subsection.

EXTEND SUNSET FOR CONSTRUCTING CERTAIN RENEWABLE FUEL FACILITIES

SECTION 10. G.S. 105-129.16D(b) reads as rewritten:

"§ 105-129.16D. Credit for constructing renewable fuel facilities.

(b) Production Credit. – A taxpayer that constructs and places in service in this State a commercial facility for processing renewable fuel is allowed a credit equal to twenty-five percent (25%) of the cost to the taxpayer of constructing and equipping the facility. The entire credit may not be taken for the taxable year in which the facility is placed in service but must be taken in seven equal annual installments beginning with the taxable year in which the facility is placed in service. If, in one of the years in which the installment of a credit accrues, the facility with respect to which the credit was claimed is disposed of or taken out of service, the credit expires and the taxpayer may not take any remaining installment of the credit. The taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.17.

Notwithstanding subsection (d) of this section, this section is repealed effective for facilities placed in service on or after January 1, 2017, in the case of a taxpayer that meets both of the following conditions:

(1) Signs a letter of commitment with the Department of Commerce on or before September 1, 2013, stating the taxpayer's intent to construct and place into service in this State a commercial facility for processing renewable fuel.

(2) Begins construction of the facility on or before December 31, 2013."
ESTABLISH VOLUNTARY ASSESSMENT ON DEER FEED
SECTION 11. Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 86,
"Farmed Cervid Industry Promotion Act.

"§ 106-1041. Title.
This Article shall be known as the Farmed Cervid Industry Promotion Act.

"§ 106-1042. Definitions.
As used in this Article:
(1) "Association" means the North Carolina Deer and Elk Farmers Association.
(2) "Cervid farmer" means a person who (i) is a North Carolina resident and (ii) holds at least one cervid in captivity subject to a captivity license issued by the Department.
(3) "Department" means the Department of Agriculture and Consumer Services.
(4) "Farmed cervid" means any member of the Cervidae family that is held in captivity and produced, bought, or sold for commercial purposes.
(5) "Farmed cervid feed" means any commercial feed, as defined in G.S. 106-284.33, labeled or marketed for farmed cervid use.

"§ 106-1043. Referendum.
(a) The Association may conduct a referendum among cervid farmers upon the question of whether an assessment shall be levied consistent with this Article.
(b) The Association shall determine all of the following:
(1) The amount of the proposed assessment, not to exceed four dollars ($4.00) per ton of farmed cervid feed.
(2) The period for which the assessment shall be levied, not to exceed 10 years.
(3) The time and place of the referendum.
(4) Procedures for conducting the referendum and counting votes.
(5) Any other matters pertaining to the referendum.
(c) The amount of the proposed assessment and the method of collection shall be set forth on the ballot.
(d) All cervid farmers are eligible to vote in the referendum. The Association shall send press releases about the referendum to at least 10 daily and 10 weekly or biweekly newspapers having general circulation in a county in the State and to any trade journals deemed appropriate by the Association. Notice of the referendum also shall be posted in every place the Association identifies as selling farmed cervid feed. Any questions concerning eligibility to vote shall be resolved by the board of directors of the Association.

"§ 106-1044. Majority vote required; collection of assessment.
(a) The assessment shall not be collected unless a majority of the votes cast in the referendum are in favor of the assessment. If a majority of the votes cast in the referendum are in favor of the assessment, the Department shall notify all farmed cervid feed manufacturers and distributors of the assessment. The assessment shall apply to all farmed cervid feed subject to the provisions of G.S. 106-284.40(b), and the assessment shall be remitted to the Department with the inspection fee imposed by G.S. 106-284.40. The Department shall provide forms for reporting the assessment. Persons who purchase farmed cervid feed on which the assessment has not been paid shall report these purchases and pay the assessment to the Department.
(b) The Association may bring an action to collect unpaid assessments against any feed manufacturer or distributor who fails to pay the assessment.

"§ 106-1045. Use of funds; refunds.
(a) The Department shall remit all funds collected under this Article to the Association at least quarterly. The Association shall use these funds to promote the interests of the farmed cervid industry and may use these funds for those administrative expenses that are reasonably necessary to carry out this function.
Any person who purchases farmed cervid feed upon which the assessment has been paid shall have the right to receive a refund of the assessment by making a demand in writing to the Association within one year of purchase of the feed. This demand shall be accompanied by proof of purchase satisfactory to the Association.

EXCLUDE CERTAIN MINOR REPAIRS FROM BUILDING PERMIT REQUIREMENTS

SECTION 13. (a) G.S. 143-138 reads as rewritten:


... (b5) Exclusion for Certain Minor Activities in Residential and Farm Structures. – No building permit shall be required under the Code or any local variance thereof approved under subsection (e) for any construction, installation, repair, replacement, or alteration performed in accordance with the current edition of the North Carolina State Building Code and costing fifteen thousand dollars ($15,000) or less in any single family residence or farm building unless the work involves any of the following:

1. The addition, repair, or replacement of load bearing structures. However, no permit is required for replacements of windows, doors, exterior siding, or the pickets, railings, stair treads, and decking of porches and exterior decks that otherwise meet the requirements of this subsection.

2. The addition (excluding replacement of same capacity) or change in the design of plumbing. However, no permit is required for replacements otherwise meeting the requirements of this subsection that do not change size or capacity.

3. The addition, replacement or change in the design of heating, air conditioning, or electrical wiring, devices, fixtures (excluding repair or replacement of electrical lighting devices and fixtures of the same type), appliances (excluding replacement of water heaters, provided that the energy use rate or thermal input is not greater than that of the water heater which is being replaced, and there is no change in fuel, energy source, location, capacity, or routing or sizing of venting and piping), appliances, or equipment.

4. The use of materials not permitted by the North Carolina Uniform Residential Building Code; or the Residential Code for One- and Two-Family Dwellings.

5. The addition (excluding replacement of like grade of fire resistance) of roofing.

The exclusions from building permit requirements set forth in this paragraph for electrical lighting devices and fixtures and water heaters shall apply only to work performed on a one- or two-family dwelling. In addition, exclusions for electrical lighting devices and fixtures and electric water heaters shall apply only to work performed by a person licensed under G.S. 87-43 and exclusions for water heaters, generally, to work performed by a person licensed under G.S. 87-21.

(b6) No State Agency Permit. – No building permit shall be required under the Code from any State agency for the construction of any building or structure, the total cost of which is less than twenty thousand dollars ($20,000), except public or institutional buildings.

... (b10) Replacement Water Heaters. –

1. Exclusion. – No permit shall be required under the Code or any local variant approved under subsection (e) of this section for replacement of water heaters in one- or two-family dwellings, provided (i) the energy use rate or thermal input is not greater than that of the water heater which is being
replaced, and there is no change in fuel, energy source, location, or routing or sizing of venting and piping. (ii) the work is performed by a person or employee of a company licensed under G.S. 87-21 or pursuant to G.S. 87-21(i), and (iii) the replacement is installed in accordance with the current edition of the North Carolina State Building Code.

(2) **Energy efficiency.** – The Code may contain rules concerning minimum efficiency requirements for replacement water heaters, which shall consider reasonable availability from manufacturers to meet installation space requirements and may contain rules concerning energy efficiency that require all hot water plumbing pipes that are larger than one-fourth of an inch to be insulated.

..."Exclusion for Routine Maintenance. – No building permit shall be required under the Code or any local variant approved under subsection (e) of this section for routine maintenance on fuel dispensing pumps and other dispensing devices. For purposes of this subsection, "routine maintenance" includes repair or replacement of hoses, O-rings, nozzles, or emergency breakaways.

(b16) **Exclusion for Electrical Devices and Lighting Fixtures.** – No permit shall be required under the Code or any local variant approved under subsection (e) of this section for the repair or replacement of dishwashers, disposals, water heaters, electrical devices, or lighting fixtures in residential or commercial structures, provided that all of the following apply:

(1) The repair or replacement does not require the addition or relocation of electrical wiring.

(2) The work is performed by a person or employee of a company licensed under G.S. 87-43.

(3) The repair or replacement is performed in accordance with the current edition of the North Carolina State Building Code.

".§ 153A-357. Permits.

(a2) No permit issued under Articles 9 or 9C of G.S. Chapter 143 shall be required for any construction, installation, repair, replacement, or alteration performed in accordance with the current edition of the North Carolina State Building Code and costing fifteen thousand dollars ($15,000) or less in any single-family residence or farm building unless the work involves any of the following:

(1) The addition, repair or replacement of load bearing structures. However, no permit is required for replacements of windows, doors, exterior siding, or the pickets, railings, stair treads, and decking of porches and exterior decks.

(2) The addition (excluding replacement of same size and capacity) or change in the design of plumbing. However, no permit is required for replacements otherwise meeting the requirements of this subsection that do not change size or capacity.

(3) The addition, replacement or change in the design of heating, air conditioning, or electrical wiring, devices, appliances, or equipment, other than like-kind replacement of electrical devices and lighting fixtures.

(4) The use of materials not permitted by the North Carolina Uniform Residential Building Code, or the Residential Code for One- and Two-Family Dwellings.
(5) The addition (excluding replacement of like grade of fire resistance) of roofing.

Violation of this section constitutes a Class 1 misdemeanor.

(g) Violation of this section constitutes a Class 1 misdemeanor.

SECTION 13.(c) G.S. 160A-417 reads as rewritten:


(a2) No permit issued under Articles 9 or 9C of Chapter 143 shall be required for any construction, installation, repair, replacement, or alteration performed in accordance with the current edition of the North Carolina State Building Code and costing fifteen thousand dollars ($15,000) or less in any single family residence or farm building unless the work involves any of the following:

(1) The addition, repair or replacement of load bearing structures. However, no permit is required for replacements of windows, doors, exterior siding, or the pickets, railings, stair treads, and decking of porches and exterior decks.

(2) The addition (excluding replacement of same size and capacity) or change in the design of plumbing. However, no permit is required for replacements otherwise meeting the requirements of this subsection that do not change size or capacity.

(3) The addition, replacement or change in the design of heating, air conditioning, or electrical wiring, devices, appliances, or equipment. However, other than like-kind replacement of electrical devices and lighting fixtures.

(4) The use of materials not permitted by the North Carolina Uniform Residential Building Code, or the Residential Code for One- and Two-Family Dwellings.

(5) The addition (excluding replacement of like grade of fire resistance) of roofing.

Violation of this section constitutes a Class 1 misdemeanor.

SECTION 13.(d) This section becomes effective October 1, 2016.

EXEMPT HORTICULTURAL USES FROM THE SEDIMENTATION POLLUTION CONTROL ACT

SECTION 14. G.S. 113A-52.01 reads as rewritten:

§ 113A-52.01. Applicability of this Article.

This Article shall not apply to the following land-disturbing activities:

(1) Activities, including the breeding and grazing of livestock, production and activities relating or incidental to the production of crops, grains, fruits, vegetables, ornamental and flowering plants, dairy, livestock, poultry, and all other forms of agriculture undertaken on agricultural land for the production of plants and animals useful to man, including, but not limited to:

a. Forages and sod crops, grains and feed crops, tobacco, cotton, and peanuts.

b. Dairy animals and dairy products.

c. Poultry and poultry products.

d. Livestock, including beef cattle, llamas, sheep, swine, horses, ponies, mules, and goats.

e. Bees and apiary products.

SECTION 13.(d) This section becomes effective October 1, 2016.

EXEMPT HORTICULTURAL USES FROM THE SEDIMENTATION POLLUTION CONTROL ACT

SECTION 14. G.S. 113A-52.01 reads as rewritten:

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This Article shall not apply to the following land-disturbing activities:

(1) Activities, including the breeding and grazing of livestock, production and activities relating or incidental to the production of crops, grains, fruits, vegetables, ornamental and flowering plants, dairy, livestock, poultry, and all other forms of agriculture undertaken on agricultural land for the production of plants and animals useful to man, including, but not limited to:

a. Forages and sod crops, grains and feed crops, tobacco, cotton, and peanuts.

b. Dairy animals and dairy products.

c. Poultry and poultry products.

d. Livestock, including beef cattle, llamas, sheep, swine, horses, ponies, mules, and goats.

e. Bees and apiary products.

f. Fur producing animals.
g. Mulch, ornamental plants, and other horticultural products. For purposes of this section, "mulch" means substances composed primarily of plant remains or mixtures of such substances.

(2) Activities undertaken on forestland for the production and harvesting of timber and timber products and conducted in accordance with best management practices set out in Forest Practice Guidelines Related to Water Quality, as adopted by the Department.

(3) Activities for which a permit is required under the Mining Act of 1971, Article 7 of Chapter 74 of the General Statutes.

(4) For the duration of an emergency, activities essential to protect human life, including activities specified in an executive order issued under G.S. 166A-19.30(a)(5).

(5) Activities undertaken to restore the wetland functions of converted wetlands to provide compensatory mitigation to offset impacts permitted under Section 404 of the Clean Water Act.

(6) Activities undertaken pursuant to Natural Resources Conservation Service standards to restore the wetlands functions of converted wetlands as defined in Title 7 Code of Federal Regulations § 12.2 (January 1, 2014 Edition)."

CLARIFY ELIGIBILITY FOR EXPANDED GAS PRODUCTS SERVICE TO AGRICULTURE FUND

SECTION 15. G.S. 143B-437.020(a) reads as rewritten:

"§ 143B-437.020. Natural gas and propane gas for agricultural projects.

(a) Definitions. –

(1) Agriculture. – Activities defined in G.S. 106-581.1, whether performed on or off the farm.

(2) Repealed by Session Laws 2014-100, s. 15.13(a), effective July 1, 2014.

(3) Eligible project. – A discrete and specific economic development project that would expand for an agricultural production operation or agricultural processing facility that requires new or expanded requests natural gas or propane gas service. A project intended for the purpose of commercial resale of natural gas or propane gas shall not be an eligible project.

(4) Excess infrastructure costs. – Any project carrying costs incurred by a natural gas local distribution company to provide new or expanded natural gas service to an eligible project that exceed the income the infrastructure generates for the local natural gas distribution company, including any standard rates, special contract rates, minimum margin agreements, and contributions in aid of construction collected by the natural gas local distribution company.

(5) Project carrying costs. – All costs, including depreciation, taxes, operation and maintenance expenses, and, for a natural gas local distribution company, a return on investment equal to the rate of return approved by the Utilities Commission in the natural gas local distribution company’s most recent general rate case under G.S. 62-133.

(6) Secretary. – The Secretary of Commerce."

REQUIRE WRITTEN NOTICE OF AUTOMATIC CONTRACT RENEWAL FIFTEEN TO FORTY-FIVE DAYS PRIOR TO THE AUTOMATIC RENEWAL

SECTION 16.(a) G.S. 75-41 reads as rewritten:

"§ 75-41. Contracts with automatic renewal clauses.

(a) Any person, firm, or corporation person engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, where the
contract automatically renews unless the consumer cancels the contract, shall disclose do all of the following:

(1) Disclose the automatic renewal clause clearly and conspicuously in the contract or contract offer.

(b) Any person, firm, or corporation engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract, where the contract automatically renews unless the consumer cancels the contract, shall disclose:

(2) Disclose clearly and conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery of products or services.

(3) For any automatic renewal exceeding 60 days, provide written notice to the consumer by personal delivery, electronic mail, or first-class mail, at least 15 days but no earlier than 45 days before the date the contract is to be automatically renewed, stating the date on which the contract is scheduled to automatically renew and notifying the consumer that the contract will automatically renew unless it is cancelled by the consumer prior to that date.

(4) If the terms of the contract will change upon the automatic renewal of the contract, disclose the changing terms of the contract clearly and conspicuously on the notification in at least 12 point type and in bold print.

(c) A person, firm, or corporation person that fails to comply with the requirements of this section is in violation of this section unless the person, firm, or corporation person demonstrates that all of the following are its routine business practice:

(1) The person has established and implemented written procedures to comply with this section and enforces compliance with the procedures.

(2) Any failure to comply with this section is the result of error.

(3) Where an error has caused the failure to comply with this section, the person provides a full refund or credit for all amounts billed to or paid by the consumer from the date of the renewal until the date of the termination of the contract, or the date of the subsequent notice of renewal, whichever occurs first.

(d) This section does not apply to insurers licensed under Chapter 58 of the General Statutes, or to banks, trust companies, savings and loan associations, savings banks, or credit unions licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the United States, or any subsidiary or affiliate thereof, nor does this section apply to any entity subject to regulation by the Federal Communications Commission under Title 47 of the United States Code or by the North Carolina Utilities Commission under Chapter 62 of the General Statutes, or to any entity doing business directly or through an affiliate pursuant to a franchise, license, certificate, or other authorization issued by a political subdivision of the State or an agency thereof.

(e) A violation of this section renders the automatic renewal clause void and unenforceable.

SECTION 16.(b)
This section is effective when it becomes law and applies to contracts entered into on or after that date.

AUTHORIZE CERTIFIED WELL DRILLERS TO INSTALL CERTAIN WATER PIPES AND ELECTRICAL WIRING IN A SINGLE DITCH

SECTION 17.(a) G.S. 87-97 reads as rewritten:

"§ 87-97. Permitting, inspection, and testing of private drinking water wells.
...
(b1) Permit to Include Authorization for Piping and Electrical. – When a permit is issued under this section, that the local health department shall be responsible for notifying the appropriate building inspector of the issuance of the well permit. A permit issued under this section shall also be deemed to include authorization for the for all of the following:
(1) The installation, construction, maintenance, or repair of electrical wiring, devices, appliances, or equipment by a person certified as a well contractor under Article 7A of this Chapter when running electrical wires from the well pump to the pressure switch. The local health department shall be responsible for notifying the appropriate building inspector of the issuance of the well permit.

(2) The installation, construction, maintenance, or repair of water pipes by a person certified as a well contractor under Article 7A of this Chapter when running water pipes from the well to the water tank.

(3) The installation of both water pipes and electrical wiring in a single ditch by a person certified as a well contractor under Article 7A of this Chapter when running electrical wires from the well pump to the pressure switch and water pipes from the well to the water tank. The ditch shall be as deep as the minimum cover requirements for either electrical wiring or water pipes, whichever is greater.

This subsection shall not be interpreted to prohibit any person licensed by an independent occupational licensing board from performing any authorized services within the scope of practice of the person's license.

SECTION 17.(b) The Building Code Council shall amend the State Electrical Code and the State Plumbing Code consistent with this section.

SECTION 17.(c) This section becomes effective October 1, 2016.

PRIORITIZE SWINE AND POULTRY RENEWABLE ENERGY FACILITIES IN THE INTERCONNECTION QUEUE

SECTION 18.(a) An electric public utility that has received a request to interconnect to the public utility’s distribution system from a renewable energy facility that meets all of the following requirements shall move that request to the front of the respective study queue relative to all other pending valid interconnection requests:

(1) The facility is fueled by only swine or only poultry waste, or is fueled solely by a combination of swine and poultry waste.

(2) Prior to May 21, 2016, the facility has (i) entered into the interconnection queue and (ii) either obtained a certificate of public convenience and necessity under G.S. 62-110.1(a) or reported to the Utilities Commission that it proposes to construct the facility under G.S. 62-110.1(g).

SECTION 18.(b) Notwithstanding subsection (a) of this section, a renewable energy facility that meets the requirements of this section shall not be moved in front of an interconnection request that has either (i) initiated the system impact study process or (ii) received a system impact study report and is continuing through the interconnection process.

SECTION 18.(c) Any prioritization of a renewable energy facility granted pursuant to this section shall be based on original queue numbers, and the facility shall otherwise comply with the North Carolina Interconnection Standard approved by the Commission.

SECTION 18.(d) This section is effective when it becomes law and expires on January 1, 2017.

EFFECTIVE DATE AND SEVERABILITY CLAUSE

SECTION 19.(a) If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end, the provisions of this act are severable.
SECTION 19. (b) Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-114

S.B. 482

AN ACT TO MAKE TECHNICAL AND CLARIFYING CHANGES TO THE LIMITED LIABILITY COMPANY ACT AND TO FURTHER DEFINE AN EMPLOYER'S AND EMPLOYEE'S RIGHTS TO INVENTIONS INVENTED BY THE EMPLOYEE.

The General Assembly of North Carolina enacts:

SECTION 1. (a) G.S. 57D-2-30(b)(1) is recodified as G.S. 57D-2-30(b)(1)a.

SECTION 1. (b) G.S. 57D-2-30(b)(2) is recodified as G.S. 57D-2-30(b)(1)b.

SECTION 1. (c) G.S. 57D-2-30(b)(7) is recodified as G.S. 57D-2-30(b)(1)c.

SECTION 2. G.S. 57D-2-30(b), as amended by Section 1 of this act, reads as rewritten:

"(b) The operating agreement may not supplant, vary, disclaim, or nullify the provisions of this Chapter or their application to the extent the provisions do any of the following:

(1) Supplant, vary, disclaim, or nullify the provisions of this Chapter or their application to the extent the provisions:
   a. Concern the functions of, including the filings and payments to be made, and the manner in which they are to be made or by to the Secretary of State, the Attorney General, the courts, or any other governmental official, agency, or authority, including Article Articles 1 and 9 of this Chapter, G.S. 57D-2-21(a), 57D-2-22(a), 57D-2-23, 57D-2-24, 57D-2-40, 57D-6-02(1), 57D-6-03(a) through (c), 57D-6-04, 57D-6-05, 57D-6-06, the last sentence of G.S. 57D-6-07(c), 57D-6-09, and 57D-10-01; except, the operating agreement may provide the forum in which disputes concerning the LLC or the rights and duties of interest owners and other parties to the operating agreement are to be resolved and other decisions and the manner in which decisions of interest owners and other parties to the operating agreement are to be made.
   b. Apply to persons who are not parties to or otherwise bound by the operating agreement, including the extent to which G.S. 57D-5-03 may be applicable to such persons or for which they may be entitled to recovery or other relief thereunder, or the extent to which G.S. 57D-1-02, 57D-6-01, clause (ii) of 57D-6-02(2), and 57D-6-07(b) and (f), and all sections and subsections of Article 9 of this Chapter other than G.S. 57D-9-21(b), (c), and (e), 57D-9-22(b), 57D-9-23(b), 57D-9-31(b), through (e), 57D-9-41(b), (d), and (f), and 57D-9-42(b)(f).
   c. Are set forth in this section, G.S. 57D-1-01, 57D-2-01(d), 57D-2-02, 57D-2-03, 57D-2-20, 57D-3-23, 57D-5-01, 57D-6-01, clause (ii) of 57D-6-02(2), and 57D-6-07(b) and (f), and all sections and subsections of Article 9 of this Chapter other than G.S. 57D-9-21(b), (c), and (e), 57D-9-22(b), 57D-9-23(b), 57D-9-31(b) through (e), 57D-9-41(b), (d), and (f), and 57D-9-42(b)(f).

(2) Recodified as G.S. 57D-2-30(b)(1)b.

(3) Diminish the rights and protections of the LLC under G.S. 57D-4-05 and G.S. 57D-4-06.

(4) Diminish the rights and protections of members under G.S. 57D-3-04(a), except as permitted by and otherwise subject to subsections (b) through (f) of G.S. 57D-3-04.

(5) Eliminate the right of a member to bring a derivative action under Article 8 of this Chapter unless the operating agreement provides an alternative remedy, which may include the right to bring a direct action in lieu of a
derivative action or modifying the procedures provided in Article 8 of this
Chapter governing derivative actions.

(6) Eliminate the right of a member to bring an action to have the LLC judicially
dissolved under clause (i) in G.S. 57D-6-02(2), unless the operating
agreement provides an alternative remedy.

(7) Recodified as G.S. 57D-2-30(b)(1)c."

SECTION 3. G.S. 57D-9-20 reads as rewritten:
(a) An eligible entity other than an LLC may convert to an LLC if both of the following
requirements are met:
(1) The conversion is permitted by the law governing the organization and
internal affairs of the converting entity.
(2) The converting entity complies with the requirements of this Part and, to the
extent applicable, the law governing its organization and internal affairs
immediately before the conversion.

(b) The conversion of a charitable or religious corporation to an LLC is permitted by
law if the sole member of the surviving entity immediately after the conversion is a charitable
or religious corporation. This subsection shall not limit the ability of an eligible entity to
convert to an LLC if otherwise permitted by law.

(c) For purposes of this section, charitable or religious corporation shall be as defined in
G.S. 55A-1-40(4)."

SECTION 4. G.S. 66-57.2 reads as rewritten:
"§ 66-57.2. Employer's rights.
(a) An employer may not require a provision of an employment agreement made
unenforceable under G.S. 66-57.1 as a condition of employment or continued employment. An
employer, in an employment agreement, may require that the employee report all inventions
developed by the employee, solely or jointly, during the term of his employment to the
employer, including those asserted by the employee as nonassignable, for the purpose of
determining employee or employer rights. If required by a contract between the employer and
the United States or its agencies, the employer may require that full title to certain patents and
inventions be in the United States.

(b) An employer's ownership of an employee's invention, discovery, or development
that has or becomes vested in the employer by contract or by operation of law shall not be
subject to revocation or rescission in the event of a dispute between the employer and employee
concerning payment of compensation or benefits to the employee, subject to any contrary
provision in the employee's written employment agreement. The foregoing provision shall not
apply where the employee proves that the employer acquired ownership of the employee's
invention, discovery, or development fraudulently.

(c) If required by a contract between the employer and the United States or its agencies,
the employer may require that full title to certain patents and inventions be in the United
States."

SECTION 5. Chapter 55A of the General Statutes is amended by adding a new
Article to read:
"Article 11A.
"Conversions.
"Part 1. Reserved.


"§ 55A-11A-9: Reserved.

A charitable or religious corporation may convert to a domestic limited liability company if
the converting charitable or religious corporation complies with the requirements of this Part
and the requirements of G.S. 57D-9-20, 57D-9-21, and 57D-9-22."
AN ACT TO PROHIBIT THE UNLAWFUL TRANSFER OF CUSTODY OF A MINOR CHILD AND TO MAKE CONFORMING STATUTORY CHANGES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 39 of Chapter 14 of the General Statutes is amended by adding a new section to read:

§ 14-321.2. Prohibit unlawful transfer of custody of minor child.

(a) It shall be unlawful for:

(1) A parent to effect or attempt to effect an unlawful transfer of custody of that parent’s minor child.

(2) A person to accept or attempt to accept custody pursuant to an unlawful transfer of custody of a minor child; except that it shall not be unlawful for a person to receive custody of a child from a parent who intends to effect an unlawful transfer of custody of that parent’s minor child if the person promptly notifies law enforcement or child protective services in the county where the child resides or is found and promptly makes the child available to law enforcement or child protective services.

(3) A person to advertise, recruit, or solicit, or to aid, abet, conspire, or seek the assistance of another to advertise, recruit, or solicit the unlawful transfer of custody of a minor child.

(b) Definitions. As used in this section, the following definitions apply:

(1) "Minor child" means a child under the age of 18 and includes an adopted minor child, as defined in G.S. 48-1-101(14a).

(2) "Parent" means a biological parent, adoptive parent, legal guardian, or legal custodian.

(3) "Relative" means the child’s other parent, stepparent, grandparent, adult sibling, aunt, uncle, first cousin, great-aunt, great-uncle, great-grandparent, or a parent’s first cousin.

(4) "Unlawful transfer of custody" means the transfer of physical custody of a minor child, in willful violation of applicable adoption law or by grossly negligent omission in the care of the child, by the child’s parent, without a court order or other authorization under law, to a person other than a relative or another individual having a substantial relationship with the child. Compensation in the form of money, property, or other item of value is not required in order for an unlawful transfer of custody to occur. Unlawful transfer of custody does not include any of the following:


b. A consent to adoption of a minor child in accordance with Part 6 of Article 3 of Chapter 48 of the General Statutes.

c. Relinquishment of a minor child in accordance with Part 7 of Article 3 of Chapter 48 of the General Statutes.

d. Placement of a minor child in accordance with the Interstate Compact on the Placement of Children under Article 38 of Chapter 7B of the General Statutes or the Convention of 29 May 1993 on
Protection of Children and Co-operation in respect of Intercountry Adoption.

g. Temporary transfer of physical custody of a minor child to an individual with a prior substantial relationship with the child for a specified period of time due to (i) the child's medical, mental health, educational, or recreational needs or (ii) the parent's inability to provide proper care or supervision for the minor child, which may be due to the parent's incarceration, military service, employment, medical treatment, incapacity, or other voluntary or involuntary absence.

f. Transfer of physical custody of a minor child to a relative.

g. Temporary transfer of physical custody of a minor child to a behavioral health facility or other health care provider, an educational institution, or a recreational facility by a parent for a specified period of time due to the child's medical, mental health, educational, or recreational needs.

h. A voluntary foster care placement of the minor child made pursuant to an agreement between the minor child's parent and a county department of social services as described in G.S. 7B-910.

i. Placement of a minor child with a prospective adoptive parent in substantial compliance with the applicable adoption laws of this State or of another state.

(c) Any person who commits an offense under subsection (a) of this section is guilty of a Class A1 misdemeanor.

(d) Any person who commits an offense under subsection (a) of this section that results in serious physical injury to the child is guilty of a Class G felony.

SECTION 2.

G.S. 48-10-101(b) reads as rewritten:

"(b) No one other than a county department of social services, an adoption facilitator, or an agency licensed by the Department in this State may advertise in any periodical or newspaper, or by radio, television, or other public medium, that any person or entity will place or accept a child for adoption. For purposes of this section, "other public medium" includes the use of any computerized system, including electronic mail, Internet site, Internet profile, or any similar medium of communication provided via the Internet."

SECTION 3.

G.S. 7B-101(15) reads as rewritten:


As used in this Subchapter, unless the context clearly requires otherwise, the following words have the listed meanings:

(15) Neglected juvenile. – A juvenile who does not receive proper care, supervision, or discipline from the juvenile's parent, guardian, custodian, or caretaker; or who has been abandoned; or who is not provided necessary medical care; or who is not provided necessary remedial care; or who lives in an environment injurious to the juvenile's welfare; or the custody of whom has been unlawfully transferred under G.S. 14-321.2; or who has been placed for care or adoption in violation of law. In determining whether a juvenile is a neglected juvenile, it is relevant whether that juvenile lives in a home where another juvenile has died as a result of suspected abuse or neglect or lives in a home where another juvenile has been subjected to abuse or neglect by an adult who regularly lives in the home."

SECTION 4.

G.S. 7B-302(a) reads as rewritten:

"(a) When a report of abuse, neglect, or dependency is received, the director of the department of social services shall make a prompt and thorough assessment, using either a family assessment response or an investigative assessment response, in order to ascertain the
facts of the case, the extent of the abuse or neglect, and the risk of harm to the juvenile, in order
to determine whether protective services should be provided or the complaint filed as a petition.
When the report alleges abuse, the director shall immediately, but no later than 24 hours after
receipt of the report, initiate the assessment. When the report alleges neglect or dependency, the
director shall initiate the assessment within 72 hours following receipt of the report. When the
report alleges abandonment, abandonment of a juvenile or unlawful transfer of custody under
G.S. 14-321.2, the director shall immediately initiate an assessment. When the
report alleges abandonment, the director shall also take appropriate steps to assume temporary
custody of the juvenile, and take appropriate steps to secure an order for nonsecure custody of
the juvenile. The assessment and evaluation shall include a visit to the place where the juvenile
resides, except when the report alleges abuse or neglect in a child care facility as defined in
Article 7 of Chapter 110 of the General Statutes. When a report alleges abuse or neglect in a
child care facility as defined in Article 7 of Chapter 110 of the General Statutes, a visit to the
place where the juvenile resides is not required. When the report alleges abandonment, the
assessment shall include a request from the director to law enforcement officials to investigate
through the North Carolina Center for Missing Persons and other national and State resources
whether the juvenile is a missing child."

SECTION 5. The Department of Health and Human Services shall develop a
program to provide needed supports to families at risk of adoption dissolutions in order to keep
families together.

SECTION 6. Sections 1, 3, and 4 of this act become effective December 1, 2016,
and apply to offenses committed on or after that date. The remainder of this act is effective
when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June,
2016.

Session Law 2016-116

H.B. 561

AN ACT TO MODIFY THE AUTHORITY OF SCHOOL SYSTEMS WITH REGARD TO
LEGAL PROCEEDINGS AND INVESTIGATIONS AND TO DIRECT THE PROGRAM
EVALUATION DIVISION TO STUDY THE PROCESS OF RESOLVING EDUCATION
FUNDING DISPUTES BETWEEN LOCAL BOARDS OF EDUCATION AND BOARDS
OF COUNTY COMMISSIONERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-321(a) reads as rewritten:

"(a) All information contained in a personnel file, except as otherwise provided in this
Chapter, is confidential and shall not be open for inspection and examination except to any of
the following persons:

(1) The employee, applicant for employment, former employee, or his properly
authorized agent, who may examine his own personnel file at all reasonable
times in its entirety except for letters of reference solicited prior to
employment.

(2) The superintendent and other supervisory personnel.

(3) Members of the local board of education and the board's attorney.

(4) A party by authority of a subpoena or proper court order may inspect and
examine a particular confidential portion of an employee's personnel file.

(5) Any state or federal administrative agency that has a quasi-judicial function
or any court of law, when disclosure is necessary in the discretion of the
superintendent or superintendent's designee to adequately defend against a
claim filed by a current or former employee against the local board of
education or a school official or employee for any alleged act or omission
arising during the course and scope of his or her official duties or
employment. Such disclosure shall be limited to those confidential portions of the personnel file of the employee who filed the claim and only to the extent necessary for the defense of the board of education."

SECTION 2. G.S. 115C-45(a) reads as rewritten:

"(a) Power to Subpoena and to Punish for Contempt. – Local boards of education shall have power to issue subpoenas for the attendance of witnesses. Subpoenas for the attendance of witnesses may be issued in any and all matters which may lawfully come within the powers of the board and which, in the discretion of the board, require investigation, and it shall be the duty of the sheriff or any process serving officer to serve such subpoena upon payment of their lawful fees. Investigation. Local boards of education may request the chief district court judge or the judge's designee to grant approval for the local board of education to issue a subpoena for the production of all tangible things in matters where an employee is suspected of committing job-related misconduct and which, in the discretion of the board, require investigation. Subpoenas for the production of tangible things may include, but are not limited to, documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic communications, electronic data-processing records, artifacts, or other documentary material, regardless of physical form or characteristics. In making the determination to approve the subpoena, the judge shall consider the following: (i) whether the subpoena allows reasonable time for compliance; (ii) if the subpoena requires disclosure of privileged or other protected matter and if any exception or waiver applies to the privilege or protection; (iii) whether the individual would be subject to undue burdens or expenses; and (iv) whether the subpoena is otherwise unreasonable or oppressive.

It shall be the duty of the sheriff or any process serving officer to serve any such subpoenas upon payment of their lawful fees.

Local boards of education shall have power to punish for contempt for any disorderly conduct or disturbance tending to disrupt them in the transaction of official business."

SECTION 3. The Program Evaluation Division shall conduct a comprehensive study of the procedure set forth in Article 31 of Chapter 115C of the General Statutes for resolving education funding disputes between local boards of education and boards of county commissioners. The study shall, at a minimum, include the following:

(1) A historical review of education capital and current expense funding requests made by local boards of education and the amounts appropriated by county commissioners to fund education needs.

(2) An examination of yearly encumbered and unencumbered fund balances held by local boards of education and county commissions. This examination shall include how fund balances have been used by local boards of education during and after the Great Recession.

(3) An analysis of the use of fund balances by local boards of education and county commissions to pay for required expenses prior to the receipt of periodic revenue, including, but not limited to, cash flow.

(4) An evaluation of the current process, including how often mediation and litigation have been used to resolve education funding disputes and the total amount of taxpayer dollars spent to mediate and litigate such disputes.

(5) An analysis of how the current process impacts county budgeting procedures and relationships between local boards of education and boards of county commissioners.

(6) An examination of states where local boards of education are fiscally dependent upon other local governments and how those states resolve funding disputes.

(7) An examination of alternative ways for local boards of education to receive local funds.

(8) Recommendations for alternative ways to resolve education funding disputes or modifications to the current process.

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The Program Evaluation Division shall report its findings and recommendations to the Joint Legislative Program Evaluation Oversight Committee no later than May 1, 2017. All State departments and agencies, local governments, local boards of education, and their subdivisions shall provide any necessary information, data, or documents within their possession, ascertainable from their records, or otherwise available to them to the Program Evaluation Division to complete this review and study.

SECTION 4. This act is effective when it becomes law. Sections 1 and 2 of this act become effective October 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-117

H.B. 728

AN ACT TO AMEND LAWS AND FEES PERTAINING TO VARIOUS OCCUPATIONAL LICENSING BOARDS.

The General Assembly of North Carolina enacts:

INCREASE THE TIME FOR CERTIFICATION OF CHIROPRACTIC CLINICAL ASSISTANTS BY THE STATE BOARD OF CHIROPRACTIC EXAMINERS AND AUTHORIZE THE STATE BOARD OF CHIROPRACTIC EXAMINERS TO IMPOSE FINES AS SANCTIONS AND TO INCREASE ANNUAL LICENSE RENEWAL FEES

SECTION 1.(a) G.S. 90-143.4(b) reads as rewritten:

"(b) Any person employed as a chiropractic clinical assistant shall obtain a certificate of competency from the State Board of Chiropractic Examiners (Board) within 120 180 days after the person begins employment. Certification shall not be required for employees whose duties are limited to administrative activities of a nonclinical nature. Except as otherwise provided in this section, it shall be unlawful for any person to practice as a chiropractic clinical assistant unless duly certified by the Board."

SECTION 1.(b) G.S. 90-154(a) reads as rewritten:

"(a) The Board of Chiropractic Examiners may impose any of the following sanctions, singly or in combination, when it finds that a practitioner or applicant is guilty of any offense described in subsection (b):

(1) Permanently revoke a license to practice chiropractic.
(2) Suspend a license to practice chiropractic.
(3) Refuse to grant a license.
(4) Censure a practitioner.
(5) Issue a letter of reprimand.
(6) Place a practitioner on probationary status and require him to report regularly to the Board upon the matters which are the basis of probation."

SECTION 1.(c) G.S. 90-155 reads as rewritten:

"§ 90-155. Annual fee for renewal of license.

Any person practicing chiropractic in this State, in order to renew his license, shall, on or before the first Tuesday after the first Monday in January in each year after a license is issued to him as herein provided, pay to the secretary of the Board of Chiropractic Examiners a renewal license fee as prescribed and set by the said Board which fee shall not be more than one hundred fifty-three hundred dollars ($150.00) and shall furnish the Board evidence that he has attended two days of educational sessions or programs approved by the Board during the preceding 12 months, provided the Board may waive this educational requirement due to sickness or other hardship of the applicant.

Any license or certificate granted by the Board under this Article shall automatically be canceled if the holder thereof fails to secure a renewal within 30 days from the time herein provided; but any license thus canceled may, upon evidence of good moral character and proper proficiency, be restored upon the payment of the renewal fee and an additional twenty-five dollars ($25.00) reinstatement fee.
If any licensee of the Board retires from active practice, the licensee may renew his or her license annually by paying the license fee and shall not be required to furnish the Board proof of continuing education; however, if at a later time the licensee desires to resume active practice, the licensee shall first appear before the Board and the Board shall determine his the licensee's competency to practice."

**AMEND LAWS PERTAINING TO THE NORTH CAROLINA MEDICAL BOARD**

**SECTION 2.(a)** G.S. 90-2(b) reads as rewritten:

"(b) No member shall serve more than two complete consecutive three-year terms in a lifetime, except that each member shall serve until a successor is chosen and qualifies."

**SECTION 2.(b)** G.S. 90-3(b) reads as rewritten:

"(b) To be considered qualified for a physician position or the physician assistant or nurse practitioner position on the Board, an applicant shall meet each of the following criteria:

- (10) Have not served more than 72 months as a member of the Board."

**SECTION 2.(c)** G.S. 90-3(c) reads as rewritten:

"(c) The review panel shall recommend at least two qualified nominees for each open position on the Board. If the Governor chooses not to appoint either of the recommended nominees, the Review Panel shall recommend at least two new qualified nominees."
North Carolina Controlled Substance Reporting System established by Article 5E of this Chapter."

SECTION 2.(g) G.S. 90-8.1 reads as rewritten:

(a) The North Carolina Medical Board is empowered to adopt rules that prescribe additional qualifications for an applicant, including education and examination requirements and application procedures.
(b) The Board shall not deny an application for licensure based solely on the applicant's failure to become board certified."

SECTION 2.(h) G.S. 90-13.1(a) reads as rewritten:

"(a) Each applicant for a license to practice medicine and surgery in this State under either G.S. 90-9.1 or G.S. 90-9.2 shall pay to the North Carolina Medical Board an application fee of three or four hundred dollars ($350.00)-($400.00)."

SECTION 2.(i) G.S. 90-13.2 reads as rewritten:

"§ 90-13.2. Registration every year with Board.
(a) Every person licensed to practice medicine by the North Carolina Medical Board shall register annually with the Board within 30 days of the person's birthday.
(b) A person who registers with the Board shall report to the Board the person's name and office and residence address and any other information required by the Board, and shall pay an annual registration fee of one hundred five or two hundred fifty dollars ($125.00)-($250.00), except those who have a limited license to practice in a medical education and training program approved by the Board for the purpose of education or training shall pay a registration fee of one hundred twenty-five dollars ($125.00) and those who have a retired limited volunteer license pursuant to G.S. 90-12.1A shall pay an annual registration fee of one hundred twenty-five dollars ($125.00). The Board shall retain jurisdiction over the holder of the inactive license.
(c) A physician who is not actively engaged in the practice of medicine in North Carolina and who does not wish to register may direct the Board to place the license on inactive status.
(d) A physician who is not actively engaged in the practice of medicine in North Carolina and who does not wish to register may direct the Board to place the license on inactive status.
(e) A physician who fails to register as required by this section shall pay an additional fee of fifty dollars ($50.00) to the Board. The license of any physician who fails to register and who remains unregistered for a period of 30 days after certified notice of the failure is automatically inactive. The Board shall retain jurisdiction over the holder of the inactive license.
(f) Except as provided in G.S. 90-12.1B, a person whose license is inactive shall not practice medicine in North Carolina nor be required to pay the annual registration fee.
(g) Upon payment of all accumulated fees and penalties, the license of the physician may be reinstated, subject to the Board requiring the physician to appear before the Board for an interview and to comply with other licensing requirements. The penalty may not exceed the maximum fee for a license under G.S. 90-13.1.
(h) The Board shall not deny a licensee's annual registration based solely on the licensee's failure to become board certified."

SECTION 2.(j) G.S. 90-14(n) reads as rewritten:

"(n) Notwithstanding subsection (m) of this section, if the licensee has retained counsel and the Board has not made a nonpublic determination to initiate disciplinary proceedings, counsel the Board may serve to both the licensee and the licensee's counsel orders to produce, orders to appear, or submit to assessment, examination, or orders following a hearing, or
provide notice that the Board will not be taking any further action against a licensee to both the licensee and the licensee’s counsel-licensure."

SECTION 2.(k) G.S. 90-14.2 is amended by adding a new subsection to read:

"(c) Once charges have been issued, the parties may engage in discovery as provided in G.S. 1A-1, the North Carolina Rules of Civil Procedure. Additionally, pursuant to any written request by the respondent or respondent's counsel, the Board shall provide information obtained during an investigation, except for the following:

(1) Information that is subject to attorney-client privilege or is attorney work product.
(2) Information that would identify an anonymous complainant.
(3) Information generated during an investigation that will not be offered into evidence by the Board and is related to:
   a. Advice, opinions, or recommendations of the Board staff, consultants, or agents.
   b. Deliberations by the Board and its committees during an investigation."

SECTION 2.(l) G.S. 90-14.13(a1)(1) reads as rewritten:

"(a1) A hospital is not required to report:
(1) The suspension or limitation of a physician’s privileges for failure to timely complete medical records unless the suspension or limitation is the third within the calendar year for failure to timely complete medical records. Upon reporting the third suspension or limitation, the hospital shall also report the previous two suspensions or limitations records."

SECTION 2.(m) Article 1D of Chapter 90 of the General Statutes is renamed as follows:

"Article 1D.

"Peer Review-Health Program for Medical Professionals."

SECTION 2.(n) G.S. 90-21.22 reads as rewritten:

(a) The North Carolina Medical Board may, under rules adopted by the Board in compliance with Chapter 150B of the General Statutes, enter into agreements with the North Carolina Medical Society and its local medical society components, and with the North Carolina Academy of Physician Assistants (Academy), and the North Carolina Physicians Health Program (Program) for the purpose of conducting peer review activities. Peer review activities to be covered by such agreements shall include investigation, review, and evaluation of records, reports, complaints, litigation and other information about the practices and practice patterns of physicians licensed by the Board, and of physician assistants approved by the Board, and shall include programs for impaired physicians and impaired physician assistants. Agreements between the Academy and the Board shall be limited to programs for impaired physicians and physician assistants and shall not include any other peer review activities identifying, reviewing, and evaluating the ability of licensees of the Board who have been referred to the Program to function in their professional capacity and to coordinate regimens for treatment and rehabilitation. The agreement shall include guidelines for all items outlined below:
(1) The assessment, referral, monitoring, support, and education of licensees of the Board by reason of a physical or mental illness, a substance use disorder, or professional sexual misconduct.
(2) Procedures for the Board to refer licensees to the Program.
(3) Criteria for the Program to report licensees to the Board.
(4) A procedure by which licensees may obtain review of recommendations by the Program regarding assessment or treatment.
(5) Periodic reporting of statistical information by the Program to the Board, the Society, and the Academy."
(6) Maintaining the confidentiality of nonpublic information.

(b) Peer review agreements shall include provisions for the society and for the Academy to receive relevant information from the Board and other sources, conduct the investigation and review in an expeditious manner, provide assurance of confidentiality of nonpublic information and of the review process, make reports of investigations and evaluations to the Board, and to do other related activities for promoting a coordinated and effective peer review process. Peer review agreements shall include provisions assuring due process.

(c) Each society which enters a peer review agreement with the Board shall establish and maintain a program for impaired physicians licensed by the Board. The Academy, after entering a peer review agreement with the Board, shall either enter an agreement with the North Carolina Medical Society for the inclusion of physician assistants in the Society's program for impaired physicians, or shall establish and maintain the Academy's own program for impaired physician assistants. The purpose of the programs shall be to identify, review, and evaluate the ability of those physicians and physician assistants to function in their professional capacity and to provide programs for treatment and rehabilitation. The North Carolina Physicians Health Program (Program) is an independent organization for medical professionals that provides screening, referral, monitoring, educational, and support services. The Board, Society, and the Academy may provide funds for the administration of impaired physician and impaired physician assistant programs and shall adopt rules with provisions for definitions of impairment, guidelines for program elements, procedures for receipt and use of information of suspected impairment, procedures for intervention and referral, monitoring treatment, rehabilitation, post treatment support and performance, reports of individual cases to the Board, periodic reporting of statistical information, assurance of confidentiality of nonpublic information and of the review process, the Program.

(d) Upon investigation and review of a physician licensed by the Board, or a physician assistant approved by the Board, or upon receipt of a complaint or other information, a society which enters a peer review agreement with the Board, or the Academy if it has a peer review agreement with the Board, as appropriate, shall report immediately to the Board detailed information about any physician or physician assistant licensed or approved by the Board if:

1. The physician or physician assistant constitutes an imminent danger to the public or to himself or herself, patient care by reason of impairment, mental illness, physical illness, the commission of substance use disorder, professional sexual boundary violations, misconduct, or any other reason.

2. The physician or physician assistant refuses to cooperate with the program, refuses to submit to treatment, or is still impaired after treatment and exhibits professional incompetence; or fails to comply with the terms of the Program's monitoring contract, or is still unsafe to practice medicine after treatment.

3. It reasonably appears that there are other grounds for disciplinary action.

(e) Any confidential patient information and other nonpublic information acquired, created, or used in good faith by the Academy or a society, Program, or the Academy pursuant to this section shall remain confidential and shall not be subject to discovery or subpoena in a civil case, is privileged, confidential, and not subject to discovery, subpoena, or other means of legal compulsion for release to any person other than to the Board, the Program, or their employees or consultants. No person participating in good faith in the peer review or impaired physician or impaired physician assistant programs of this section shall be required in a civil case to disclose the fact of participation in the Program or any information acquired or opinions, recommendations, or evaluations acquired or developed solely in the course of participating in any agreements the Program pursuant to this section.
(f) Peer review activities. Activities conducted in good faith pursuant to any agreement authorized by subsection (a) of this section shall not be grounds for civil action under the laws of this State and are deemed to be State directed and sanctioned and shall constitute State action for the purposes of application of antitrust laws.

(g) Upon the written request of a licensee, the Program shall provide the licensee and the licensee's legal counsel with a copy of a written assessment of the licensee prepared as part of the licensee's participation in the Program. In addition, the licensee shall be entitled to a copy of any written assessment created by a treatment provider or facility at the recommendation of the Program, to the extent permitted by State and federal laws and regulations. Any information furnished to a licensee pursuant to this subsection shall be inadmissible in evidence and shall not be subject to discovery in any civil proceeding. However, this subsection shall not be construed to make information, documents, or records otherwise available for discovery or use in a civil action immune from discovery or use in a civil action merely because the information, documents, or records were included as part of the Program's assessment of the licensee or were the subject of information furnished to the licensee pursuant to this subsection. For purposes of this subsection, a civil action or proceeding shall not include administrative actions or proceedings conducted in accordance with Article 1 of Chapter 90 and Chapter 150B of the General Statutes.

(h) The Board has authority to adopt, amend, or repeal rules as may be necessary to carry out and enforce the provisions of this section.

SECTION 2.(o) G.S. 90-16(d) is repealed.

AMEND DISPENSING OPTICIAN EXAMINATION QUALIFICATIONS AND APPRENTICESHIP REQUIREMENTS AND AUTHORIZE THE STATE BOARD OF OPTICIANS TO INCREASE CERTAIN LICENSURE FEES

SECTION 3.(a) G.S. 90-240 reads as rewritten:

"§ 90-240. Examination. (a) Applicants to take the examination for dispensing opticians shall be high school graduates or the equivalent who have done one of the following:

(1) Successfully completed a two-year course of training in an accredited school of opticianry with a minimum of 1600 hours.

(2) Have completed two and one-half years of apprenticeship while registered with the Board under a licensed dispensing optician, with time spent in a recognized school credited as part of the apprenticeship period.

(3) Have completed two and one-half years of apprenticeship while registered with the Board under the direct supervision of an optometrist or a physician specializing in ophthalmology, provided the supervising optometrist or physician elects to operate the apprenticeship under the same requirements applicable to dispensing opticians.

(a1) Applicants to take the examination for dispensing opticians who are graduates from an accredited college or university with a four-year degree or comparable degree in a health-related field shall satisfy one of the following:

(1) The requirements of subdivision (1) of subsection (a) of this section.

(2) Successful completion of two years of apprenticeship while registered with the Board under a health care professional identified in subdivision (2) or (3) of subsection (a) of this section. The Board may adopt rules specifying the colleges, universities, and coursework that meet the accreditation requirements of this subsection.

(b) The examination shall be confined to such knowledge as is reasonably necessary to engage in preparation and dispensing of optical devices and shall include the following:

(1) The skills necessary for the proper analysis of prescriptions;

(2) The skills necessary for the dispensing of eyeglasses and contact lenses; and
The examination shall be given at least twice each year at sites and on dates that are publicly announced 60 days in advance. Each applicant shall, upon request, receive his or her examination score on each section of the examination. The Board may include as part or all of the examination, any nationally prepared and recognized examination, and will periodically review and validate any exam in use by the Board. The Board will credit an applicant with the score on any national test taken successfully completed in the last three years immediately preceding the date the applicant is scheduled to take the North Carolina examination, to the extent that such test may be included in the North Carolina examination. The Board shall adopt rules designating the nationally prepared and recognized examinations that will satisfy and serve as credit for parts or all of the North Carolina examination.

An applicant for admission on the basis of apprenticeship shall have worked full time under the supervision of a licensed dispensing optician, optometrist or physician trained in ophthalmology. An apprentice shall have obtained experience in ophthalmic fabricating and manufacturing techniques and processes for no less than six months and shall have gained experience in the other activities defined as dispensing herein. Completion of the six-month internship required of all applicants under G.S. 90-237(4) may, at the election of the applicant, occur before or after the applicant sits for the examination as provided in this section, so long as the applicant has met the minimum qualifications for examination under subsection (a) or (a1) of this section at the time the internship commences.

**SECTION 3.(b)** G.S. 90-245 reads as rewritten:

"§ 90-245. Collection of fees.

The secretary to administrator for the Board is hereby authorized and empowered to collect in the name and on behalf of this Board the fees prescribed by this Article and shall turn over to the State Treasurer all funds collected or received under this Article, which funds shall be credited to the North Carolina State Board of Opticians, and said funds shall be held and expended under the supervision of the Director of the Budget of the State of North Carolina exclusively for the administration and enforcement of the provisions of this Article. Nothing in this Article shall be construed to authorize any expenditure in excess of the amount available from time to time in the hands of the State Treasurer derived from the fees collected under the provisions of this Article and received by the State Treasurer in the manner aforesaid."

**SECTION 3.(c)** G.S. 90-246 reads as rewritten:

"§ 90-246. Fees.

In order to provide the means of administering and enforcing the provisions of this Article and the other duties of the North Carolina State Board of Opticians, the Board is hereby authorized to charge and collect fees established by its rules not to exceed the following:

1. Each examination .......................................................... $200.00 $300.00
2. Each initial license .......................................................... $50.00 $100.00
3. Each renewal of license ................................................... $100.00 $150.00
4. Each license issued to a practitioner of another state to practice in this State ............................................ $200.00 $300.00
5. Each registration of an optical place of business .................. $50.00 $75.00
6. Each application for registration as an opticianry apprentice or intern, and renewals thereof ........................................ $25.00 $35.00
7. Repealed by Session Laws 1997-424, s. 4.
8. Each registration of a training establishment ....................... $25.00 $35.00
9. Each license verification .................................................... $10.00 $15.00
10. Each registration of an optician in charge ............................ $50.00
11. Late fee for restoration of an expired license
within the first year after expiration ......................................................... $ 75.00
(12) Late fee for restoration of an expired license within the second year after expiration ................................................ $150.00
(13) Restoration fee for an inactive license within the second year ............................................................... $100.00."

SECTION 3.(d) G.S. 90-249 is amended by adding a new subdivision to read:
"(10a) Designation of accredited colleges, universities, and coursework that satisfy the qualifications for examination pursuant to G.S. 90-240(a1)."

INCREASE THE FEE FOR REAL ESTATE BROKER LICENSE APPLICATIONS AND REINSTATEMENTS AND INCREASE THE CAP FOR RENEWAL FEES

SECTION 4.(a) G.S. 93A-4 reads as rewritten:

"§ 93A-4. Applications for licenses; fees; qualifications; examinations; privilege licenses; renewal or reinstatement of license; power to enforce provisions.

(a) Any person, partnership, corporation, limited liability company, association, or other business entity hereafter desiring to enter into business of and obtain a license as a real estate broker shall make written application for such license to the Commission in the form and manner prescribed by the Commission. Each applicant for a license as a real estate broker shall be at least 18 years of age. Each applicant for a license as a real estate broker shall, within three years preceding the date the application is made, have satisfactorily completed, at a school approved by the Commission, an education program consisting of at least 75 hours of classroom instruction in subjects determined by the Commission, or shall possess real estate education or experience in real estate transactions which the Commission shall find equivalent to the education program. Each applicant for a license as a real estate broker shall be required to pay a fee, fixed by the Commission but not to exceed thirty dollars ($30.00). The application fee shall be one hundred dollars ($100.00) unless the Commission sets the fee at a higher amount by rule; however, the Commission shall not set a fee that exceeds one hundred twenty dollars ($120.00). The application fee shall not increase by more than five dollars ($5.00) during a 12-month period.

(a1) Each person who is issued a real estate broker license on or after April 1, 2006, shall initially be classified as a provisional broker and shall, within three years following initial licensure, satisfactorily complete, at a school approved by the Commission, a postlicensing education program consisting of 90 hours of classroom instruction in subjects determined by the Commission or shall possess real estate education or experience in real estate transactions which the Commission shall find equivalent to the education program. The Commission may, by rule, establish a schedule for completion of the prescribed postlicensing education that requires provisional brokers to complete portions of the 90-hour postlicensing education program in less than three years, and provisional brokers must comply with this schedule in order to be entitled to actively engage in real estate brokerage. Upon completion of the postlicensing education program, the provisional status of the broker's license shall be terminated. When a provisional broker fails to complete all 90 hours of required postlicensing education within three years following initial licensure, the broker's license shall be placed on inactive status. The broker's license shall not be returned to active status until he or she has satisfied such requirements as the Commission may by rule require. Every license cancelled after April 1, 2009, because the licensee failed to complete postlicensing education shall be reinstated on inactive status until such time as the licensee satisfies the requirements for returning to active status as the Commission may by rule require.

(c) All licenses issued by the Commission under the provisions of this Chapter shall expire on the 30th day of June following issuance or on any other date that the Commission may determine and shall become invalid after that date unless reinstated. A license may be renewed 45 days prior to the expiration date by filing an application with and paying to the Executive Director of the Commission the license renewal fee. The license renewal fee is thirty...
dollars ($30.00) shall be forty-five dollars ($45.00) unless the Commission sets the fee at a higher amount. The amount by rule; however, the Commission may not set the license renewal fee at an amount that does not exceed fifty dollars ($50.00) exceeds sixty dollars ($60.00). The license renewal fee may not increase by more than five dollars ($5.00) during a 12-month period. The Commission may adopt rules establishing a system of license renewal in which the licenses expire annually with varying expiration dates. These rules shall provide for prorating the annual fee to cover the initial renewal period so that no licensee shall be charged an amount greater than the annual fee for any 12-month period. The fee for reinstatement of an expired, revoked, or suspended license shall be fifty-five dollars ($55.00), an amount equal to two times the license renewal fee at the time the application for reinstatement is submitted. In the event a licensee fails to obtain a reinstatement of such license within six months after the expiration date thereof, the Commission may, in its discretion, consider such person as not having been previously licensed, and thereby subject to the provisions of this Chapter relating to the issuance of an original license, including the examination requirements set forth herein. Duplicate licenses may be issued by the Commission upon payment of a fee of five dollars ($5.00) by the licensee. Commission certification of a licensee's license history shall be made only after the payment of a fee of ten dollars ($10.00). 

SECTION 4.(b) This section becomes effective July 1, 2017.

EFFECTIVE DATE

SECTION 5. Except as otherwise provided, this act becomes effective October 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-118

S.B. 673

AN ACT TO PROVIDE RECOVERY OF CAPITAL-RELATED COSTS INCURRED BY A NATURAL GAS UTILITY FOR CONSTRUCTING NATURAL GAS INFRASTRUCTURE FOR A LARGE MANUFACTURING EMPLOYER.

The General Assembly of North Carolina enacts:

SECTION 1. Article 7 of Chapter 62 of the General Statutes is amended by adding a new section to read:


(a) Purpose. – The purpose of this section is to prescribe a methodology for cost recovery by a natural gas local distribution company that constructs natural gas economic development infrastructure to serve a project the Department of Commerce determines is an eligible project under G.S. 143B-437.021. The Commission shall adopt rules to implement this section.

(b) Eligibility. – Cost recovery under this section is limited to natural gas economic development infrastructure the Commission determines satisfies all of the following conditions:

(1) The project will be located in an area where adequate natural gas infrastructure for the eligible project is not economically feasible.

(2) Either the developer, prospective customer, or the occupant of the eligible project provides, prior to initiation of construction of the natural gas economic development infrastructure, a binding commitment in the form of a commercial contract or other form acceptable to the Commission to the natural gas local distribution company regarding service needed for a period of at least 10 years from the date the gas is made available.

(3) The projected margin revenues not recoverable under G.S. 62-133.4 from the eligible project will not be sufficient to cover the cost of the natural gas infrastructure associated with the project.
(c) Economic Feasibility. – The Commission shall permit a natural gas local distribution company to recover reasonable and prudent natural gas economic development infrastructure costs only to the extent necessary to make the construction of the infrastructure economically feasible, as determined by the Commission. In determining economic feasibility, the Commission shall employ the net present value method of analysis. Only natural gas economic development infrastructure with a negative net present value shall be determined to be economically infeasible.

(d) Costs Recoverable. – Eligible economic development infrastructure development costs are the reasonable and prudent costs determined by the Commission to be both directly related to the construction of natural gas infrastructure for an eligible project and economically infeasible. The costs may include any of the following:

1. Planning costs.
2. Development costs.
3. Construction costs and an allowance for funds used during construction and a return on investment once the project is completed, calculated using the pretax overall rate of return approved by the Commission in the company's most recent general rate case.
4. A revenue retention factor.
5. Depreciation.
6. Property taxes.

(e) Rate Adjustment Surcharge Mechanism. – The Commission shall permit recovery of eligible economic development infrastructure costs in a rate adjustment surcharge mechanism. The mechanism shall allow for recovery on an annual or semiannual basis, as determined by the Commission, subject to audit and reconciliation procedures. Any rate adjustment surcharge mechanism adopted under this section shall terminate upon the earlier of the full recovery of the costs allowed under subsection (d) of this section or the natural gas local distribution company's next general rate case in which the eligible infrastructure development costs shall be included in the natural gas distribution company's rate base. Nothing in this section precludes the natural gas local distribution company from recovering eligible economic development infrastructure costs in a general rate case.

(f) Limitations. – A natural gas local distribution company shall not invest more than twenty-five million dollars ($25,000,000) of eligible infrastructure development costs in any year. The aggregate amount of eligible infrastructure development costs recovered under rate adjustment surcharge mechanisms for all natural gas local distribution companies in the State cannot exceed seventy-five million dollars ($75,000,000). Cumulative rate adjustments allowed under a rate adjustment surcharge mechanism approved by the Commission under this section shall not exceed five percent (5%) of the total annual service margin revenues not recoverable under G.S. 62-133.4 approved by the Commission in the natural gas local distribution company's last general rate case."

SECTION 2. Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

§ 143B-437.021. Natural gas economic development infrastructure.

(a) Purpose and Definitions. – The purpose of this section is to provide eligibility criteria for projects that require natural gas service infrastructure. Costs of natural gas service infrastructure for projects the Department determines are eligible projects under this section may be recovered by natural gas local distribution companies with approval of the North Carolina Utilities Commission under G.S. 62-133.15. The definitions used in G.S. 143B-437.01 apply in this section. In addition, as used in this section, the term "Department" means the Department of Commerce.

(b) Eligibility. – An eligible project is an economic development project that the Department determines satisfies all of the following conditions:
The eligible project will provide opportunities for natural gas usage, jobs, and other economic development benefits in addition to those provided by the project.

The Department certifies that the business has invested or intends to invest at least two hundred million dollars ($200,000,000) of private funds in improvements to real property and additions to tangible personal property in the project.

The business employs or intends to employ at least 1,500 full-time employees or equivalent full-time contract employees at the project at the time the application is made and the business agrees to maintain at least 1,500 full-time employees or equivalent full-time contract employees at the project.

(c) Wage Standard. – A project may be considered an eligible project under this section only if the project is undertaken by a business that satisfies a wage standard at the project. A business satisfies the wage standard if it pays an average weekly wage that is at least equal to one hundred and ten percent (110%) of the average wage for all insured private employers in the county. The Department of Commerce shall annually publish the wage standard for each county. In making the wage calculation, the business shall include any jobs that were filled for at least 1,600 hours during the calendar year, regardless of whether the jobs are full-time positions or equivalent full-time contract positions. Each year that a rate adjustment surcharge mechanism under G.S. 62-133.15 is in effect, the business shall provide the Department a certification that the business continues to satisfy the wage standard.

(d) Health Insurance. – A project may be considered an eligible project under this section only if the project is undertaken by a business that makes available health insurance for all of the full-time employees and equivalent full-time contract employees of the project with respect to which the application is made. For the purposes of this subsection, a business makes available health insurance if it pays at least fifty percent (50%) of the premiums for health care coverage.

Each year that a rate adjustment surcharge mechanism under G.S. 62-133.15 is in effect, the business shall provide the Department a certification that the business continues to make available health insurance for all full-time employees of the project governed by the agreement.

(e) Safety and Health Programs. – A project may be considered an eligible project under this section only if the project is undertaken by a business that has no citations under the Occupational Safety and Health Act that have become a final order within the last three years for willful serious violations or for failing to abate serious violations with respect to the location for which the eligible project is located. For the purposes of this subsection, "serious violation" has the same meaning as in G.S. 95-127.

(f) Environmental Impact. – A project may be considered an eligible project under this section only if the project is undertaken by a business that certifies that, at the time of the application, the business satisfies the environmental impact standard under G.S. 105-129.83.

(g) Limitations. – No more than three eligible projects are authorized under this section.

SECTION 3. This act is effective when it becomes law and expires July 1, 2021. The expiration does not affect the validity of any rate adjustment surcharge mechanism imposed or authorized under the provisions of this act prior to the effective date of the expiration.

In the General Assembly read three times and ratified this the 1st day of July, 2016.
FACILITIES; TO ENSURE THE ACCURACY OF THE REAL PROPERTY INVENTORIES MAINTAINED BY THE DEPARTMENT OF ADMINISTRATION; AND TO ENSURE THAT THE USE OF STATE-OWNED SPACE IS MAXIMIZED BEFORE LEASES ARE ENTERED INTO OR RENEWED, AS RECOMMENDED BY THE PROGRAM EVALUATION DIVISION OF THE GENERAL ASSEMBLY.

Whereas, State law designates the Department of Administration as the State agency responsible for managing North Carolina's portfolio of real property; and

Whereas, the Department of Administration's management duties include oversight of the acquisition, disposition, allocation, and reallocation of land, buildings, and space in buildings by and between State agencies and institutions; and

Whereas, in a report entitled "North Carolina Should Dispose of Unneeded Real Property and Improve Portfolio Management to Reduce Costs (June 2015)," the Program Evaluation Division of the General Assembly concluded that the State should dispose of unneeded real property and that it could reduce costs through more active portfolio management; and

Whereas, this legislation establishes a multiyear process to improve the State's real property data collection, quality assurance, and reporting standards; and

Whereas, this legislation requires the Department of Administration to develop a consolidated database of real property assets to facilitate active oversight and control of the State's portfolio of real property based on strategic State priorities; and

Whereas, this legislation requires greater transparency in the control and management of State-owned real property by requiring more robust reporting; and

Whereas, the General Assembly will monitor the implementation of this legislation; and

Whereas, if the General Assembly deems implementation of this legislation to be insufficient, it may explore alternative options for organizing and implementing the management of State-owned real property; and

Whereas, the alternatives explored may include outsourcing and consolidation of State agencies that currently have a role in State-owned real property management into a single agency; Now, therefore,

The General Assembly of North Carolina enacts:

PART I. REQUIRE THE DEPARTMENT OF ADMINISTRATION TO ACTIVELY MANAGE THE STATE'S PORTFOLIO OF REAL PROPERTY

SECTION 1. (a) Article 36 of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

§ 143-341.2. Proactive management of State-owned and State-leased real property portfolio.

(a) Duties of the Department of Administration. – The Department of Administration shall have the following powers and duties:

(1) Development of comprehensive State facilities plan. – No later than December 1, 2018, and every five years thereafter, the Department of Administration shall develop and implement a plan to comprehensively manage, acquire, and dispose of the facilities and spaces required to fully support State government operations. The plan shall do all of the following:

a. Identify the type, quantity, and location of facilities and spaces required to fully support State government operations.

b. Include an in-depth analysis of existing State-owned facilities' locations, capability, utilization, and condition.

c. Establish strategic priorities and objectives that allow the Department of Administration to manage the performance of the State's portfolio of real property in a way that maximizes the utilization of
State-owned facilities and minimizes operating and maintenance costs

d. Take into consideration the information provided to the Department in five-year real property management plans submitted by State agencies pursuant to subdivision (b)(4) of this section.

e. Provide a mechanism for allocating available facilities or space to State agencies that need it in a manner that reduces the need to acquire new space through purchase, lease, or other means.

(2) Development of performance management system. – The Department of Administration shall establish a performance management system to measure the State's achievement of the priorities and objectives set forth in plans developed pursuant to subdivision (1) of this section. The system shall set measurable goals and deadlines and shall be designed to focus on optimization and efficiency of the State's portfolio of real property. The system shall be used to report the information required by sub-sub-subdivision (7)c.1. of this section.

(3) Development of utilization measures. – No later than December 1, 2016, the Department of Administration shall develop and distribute to State agencies procedures to be used to measure the utilization of State-owned and State-leased real property. The procedures developed pursuant to this subdivision shall be all of the following:

a. Based on the percentage of usable square feet in a facility that is used for State agency functions or for storage, or on other trade industry standards of utilization measurement.

b. Adjusted as appropriate for each facility type.

c. Designed to yield an easily understandable index or ratio of facility utilization.

d. Developed in consultation with State agencies.

(4) Development and enforcement of space planning standards. – No later than December 1, 2016, the Department of Administration shall develop and distribute to State agencies space planning standards to be used to determine workspace size and to govern the use of shared space. The standards developed pursuant to this subdivision shall be based on the Federal GSA's Office of Real Property Management Performance Measurement Division Workspace Utilization and Allocation Benchmark report unless the Department identifies another efficient industry standard upon which to base the space planning standards developed pursuant to this subdivision. The Department shall annually perform audits of a portion of State agencies to determine each agency's adherence to the space planning standards developed pursuant to this subdivision and shall send formal letters of admonishment to any agency that fails to justify, in the sole discretion of the Department, any deviation from those standards.

(5) Updating of real property inventories. – The Department of Administration shall do all of the following to ensure that the information contained in the inventories maintained pursuant to G.S. 143-341(4) is kept current:

a. Immediately incorporate information received from State agencies pursuant to subdivision (b)(1) of this section into the inventories.

b. Immediately notify State agencies when the incorporation of information into the inventories required by sub-subdivision a. of this subdivision is complete.

(6) Development of surplus property identification and disposal system. – The Department of Administration shall establish a surplus real property disposal system that limits the duration that unneeded property is retained by the
State. As part of the system, the Department shall adopt rules defining surplus State-owned real property and establishing a system for continuously identifying and disposing of that property, subject to the approvals required by Chapter 146 of the General Statutes, which shall take into consideration all of the following:

a. The value each facility or parcel of land brings to the performance of the mission of the State or State agency and the fulfillment of its goals and objectives.

b. A general measure of the facility’s condition calculated as a ratio of repair needs to replacement value.

c. The degree to which the property is utilized, measured in accordance with the procedures developed pursuant to subdivision (3) of this subsection.

d. The extent to which the property meets the purpose for which it was intended.

e. The extent to which the State or State agency is likely to need to continue to provide the service or function currently provided at the property.

f. Consideration of the best and most cost-effective manner in which these future needs can be met.

(7) Reporting. — The Department of Administration shall make the following reports:

a. No later than December 1, 2018, and every five years thereafter, the Department shall report the following to the Joint Legislative Commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly:

1. The plan developed pursuant to subdivision (1) of this subsection.

2. A summary of the performance measurement procedures developed pursuant to subdivision (2) of this subsection.

b. If any State agency fails to submit the information required by subdivision (b)(1) of this section, the Department shall report the failure to the chairs of the Joint Legislative Commission on Governmental Operations and to the chairs of the Joint Legislative Program Evaluation Oversight Committee within 30 days.

c. No later than December 1, 2019, and each year thereafter, the Department shall report to the Joint Legislative Commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly on the State's portfolio of real property. This report shall include at least the following information:

1. The status of achieving the goals and objectives set forth in the most recent plan developed pursuant to subdivision (1) of this section.

2. Trends in the inventory of leased and owned buildings and real property, including changes in value, square footage, and operation and maintenance costs.

3. Trends in the inventory of State-owned land, including changes in acreage and value.

4. Allocation of leased and owned space by facility type, by agency, and by county.
5. Benchmarks for comparable private sector leases across the regions of the State for both rural and urban locations, as appropriate.
6. An analysis of utilization targets and a list of owned and leased real property identified as unused or underutilized.
7. A list of the following information for the period beginning after submission of the most recent report pursuant to this sub-subdivision:
   I. State-owned properties identified as unused or underutilized.
   II. State-owned properties sold.
   III. State-owned properties in the process of being disposed of.
   IV. Properties reallocated between State agencies.

(b) Duties of Other State Agencies. – Each State agency shall have the following powers and duties:

(1) Collection and reporting of information on property use. – No later than July 1, 2018, and each year thereafter, each State agency shall submit to the Department of Administration all of the information described in G.S. 143-341(4)b.1. through 15. for each building, facility, or space in any building or facility that the agency occupies. This shall be in addition to any reports required pursuant to G.S. 143-341(4)h.

(2) Verification of information in real property inventories. – Within 60 days of receiving notice from the Department of Administration pursuant to sub-subdivision (a)(5)b. of this section, each State agency shall report to the Department one of the following, as applicable:
   a. That the information submitted to the Department of Administration pursuant to subdivision (1) of this subsection is accurately reflected in the real property inventories.
   b. A list of discrepancies between the information submitted to the Department of Administration pursuant to subdivision (1) of this subsection and the corresponding information in the real property inventories.

(3) Auditor may audit submissions. – The State Auditor may audit submissions made to the Department of Administration pursuant to subdivision (1) of this subsection and may recover any costs incurred in performing such an audit from the State Land Fund, in accordance with G.S. 146-72.

(4) Development of five-year property management plan. – No later than July 1, 2018, and every five years thereafter, each State agency shall develop a five-year real property management plan and shall submit the plan to the Department of Administration for review. Each plan shall do all of the following:
   a. Identify the type, quantity, and location of facilities and spaces required to fully support agency operations.
   b. Include an in-depth analysis of existing facilities' locations, capabilities, utilization, and condition.
   c. Establish agency-specific strategic priorities and objectives for each asset under its control.

(c) Exception for Property Not Subject to Department of Administration Oversight. – None of the requirements of this section shall apply to facilities that are not subject to the real property oversight of the Department of Administration under G.S. 143-341. A State agency that is entirely exempt from the real property oversight of the Department of Administration shall not be required to submit any information pursuant to subsection (b) of this section.
State agency that is partially exempt from the real property oversight of the Department of Administration shall submit information pursuant to subsection (b) of this section for those properties that are subject to the real property oversight of the Department of Administration."

SECTION 1.(b) No later than June 1, 2017, the Department of Administration shall report to the Joint Legislative Commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly a plan to analyze the utilization of all State-owned or State-leased facilities, other than those that are not subject to the real property oversight of the Department of Administration. The plan shall be consistent with G.S. 143-341.2, as enacted by subsection (a) of this section. Prior to the submission of this report, the Department shall report quarterly to the Joint Legislative Commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division on the status of the plan's development.

SECTION 1.(c) No later than June 1, 2017, the Department of Administration shall perform an unannounced visit to a random facility owned by or allocated to each State agency that is subject in whole or in part to the real property oversight authority of the Department of Administration. Facilities selected pursuant to this subsection shall not include any facility to which federal or State law would prohibit entry by Department personnel. Each State agency shall fully cooperate with the Department of Administration with respect to these visits. The Department of Administration shall use the visits required by this subdivision to do all of the following:

(1) Obtain utilization information about the properties visited.
(2) Provide guidance and training to State agencies on the proper methods for employing the utilization measures developed pursuant to G.S. 143-341.2(a)(3), as enacted by subsection (a) of this section. This guidance and training shall include instructions on tailoring the utilization measures for use with specific facility types.
(3) Refine the utilization measures developed pursuant to G.S. 143-341.2(a)(3), as enacted by Section 1(a) of this act.

SECTION 1.(d) G.S. 146-72 reads as rewritten:

"§ 146-72. Purpose.
The State Land Fund may, in accordance with rules and regulations adopted by the Governor and approved by the Council of State, be used for the following purposes:
(1) To pay any expenses incurred in carrying out the duties and responsibilities created by the provisions of this Chapter.
(2) For the acquisition of land, when appropriation is made for that purpose by the General Assembly.
(3) To pay any expenses incurred by the State Auditor in carrying out the duties and responsibilities created by G.S. 143-341.2(b)(3)."

PART II. ENSURE THE ACCURACY OF THE REAL PROPERTY INVENTORIES MAINTAINED BY THE DEPARTMENT OF ADMINISTRATION PURSUANT TO G.S. 143-341(4)

SECTION 2.(a) G.S. 143-341(4) reads as rewritten:

"§ 143-341. Powers and duties of Department.
The Department of Administration has the following powers and duties:

(4) Real Property Control:
   a. To prepare and keep current a complete and accurate inventory of all land owned or leased by the State or by any State agency. This inventory shall show the location, including the latitude and longitude of the center of the property, acreage, description, source of title and current use of all land (including swamplands or
marshlands) owned by the State or by any State agency, and the agency to which each tract is currently allocated. Surveys may be made where necessary to obtain information for the purposes of this inventory. Accurate plats or maps of all such land may be prepared, or copies obtained where such maps or plats are available.

b. To prepare and keep current a complete and accurate inventory database of all buildings owned or leased (in whole or in part) by the State or by any State agency. This inventory database shall show the location, amount of floor space and floor plans of every building owned or leased by the State or by any State agency, and the agency to which each building, or space therein, is currently allocated. Floor plans shall serve as the State inventory and shall include all of the following information and floor plans of every such building shall be prepared or copies obtained where such floor plans are available, where needed for use in the allocation of space therein:

1. The building's location, including the latitude and longitude of the center of the building.
2. A description of the operations supported by the building.
3. The agency or agencies that occupy the building.
4. Ownership information for the building.
5. The size of the building in terms of both gross and usable square feet.
6. A description of the building.
7. The building's condition assessment, including the estimated cost to make needed repairs and renovations as well as the date that the last condition assessment was completed.
8. The building's annual operating costs.
9. The building's annual maintenance costs.
10. The number of usable workspaces contained in the building.
11. The number of full-time equivalent positions assigned to the building by each agency occupant.
12. The amount of the building that is utilized, measured in accordance with the procedures developed pursuant to G.S. 143-341.2(a)(3).
13. Maintenance record, including replacement and maintenance schedules for all major mechanical systems.
15. Any other information deemed relevant by the Department of Administration.

b1. The Department of Administration shall develop procedures that ensure that the data included in the inventories required by sub-subdivisions a. and b. of this subdivision is collected and displayed in a consistent manner across State agencies and land and building types.

b2. The Department of Administration shall use the North Carolina Identity Management service, or a similar successor program when updating the inventories required by sub-subdivisions a. and b. of this subdivision.

b3. Nothing in this sub-subdivision shall be construed to require the release or display of floor plans except upon request by a unit of the executive, legislative, or judicial branch of State government, such as a department, an institution, a division, a commission, a board, a council, or The University of North Carolina.
SECTION 2.(b) G.S. 143C-8-2 is repealed.

SECTION 2.(c) G.S. 143C-8-1(b)(1) reads as rewritten:

"(1) An inventory, A database, of facilities owned by State agencies, maintained pursuant to G.S. 143-341(4)."

SECTION 2.(d) No later than December 1, 2016, the Department of Administration shall report to the Joint Legislative Commission on Governmental Operations, to the Fiscal Research Division of the General Assembly, and to the Program Evaluation Division of the General Assembly on the changes to the real property databases operated pursuant to G.S. 143-341(4) in response to the amendments to that section made by subsection (a) of this section.

PART III. ENSURE THAT THE USE OF STATE-OWNED SPACE IS MAXIMIZED BEFORE LEASES ARE ENTERED INTO OR RENEWED

SECTION 3.(a) G.S. 146-23 reads as rewritten:

"§ 146-23. Agency must file statement of needs; Department must investigate.

Any State agency desiring to acquire land, whether by purchase, condemnation, lease, or rental, shall file with the Department of Administration an application setting forth its needs, and shall furnish such additional information as the Department may request relating thereto. Upon receipt of such application, the Department of Administration shall promptly investigate all aspects of the requested acquisition, including the existence of actual need for the requested property on the part of the requesting agency; the availability of land already owned by the State or by any State agency which might meet the requirements of the requesting agency; the availability, value, and status of title of other land, whether for purchase, condemnation, lease, or rental, which might meet the requirements of the requesting agency; and the availability of funds to pay for land if purchased, condemned, leased, or rented. In investigating the availability of land already owned by the State or by any State agency which might meet the requirements of the requesting agency, the Department of Administration shall review the utilization information maintained in the real property inventories pursuant to G.S. 143-341(4). The Department of Administration may make acquisitions at the request of the Governor and Council of State upon compliance with the investigation herein required."

SECTION 3.(b) G.S. 143-341(4)d1. reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

(4) Real Property Control:

...d1. To require all State departments, institutions, and agencies to use State-owned office space instead of negotiating or renegotiating leases for rental of office space. In investigating the availability of office space already owned by the State or by a State agency which might meet the requirements of the requesting agency, the Department of Administration shall review the utilization information maintained in the real property database pursuant to this subdivision. Any lease entered into contrary to the provisions of this paragraph is voidable in the discretion of the Governor and the Council of State.

The Department of Administration shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division no later than May 1 of each year on leased office space."

SECTION 3.(c) Upon the expiration of the relevant leases, the Department of Administration shall reallocate the State functions, personnel, and other resources that currently reside at the following locations to suitable State-owned space:
SECTION 3.(d) If suitable State-owned space is not available to reallocate any of the functions required to be reallocated to State-owned space by subsection (c) of this section, the Department of Administration may renew the applicable lease, or enter into a new lease, but only after consulting with the Joint Legislative Commission on Governmental Operations at least 60 days prior to the renewal.

SECTION 3.(e) Prior to July 1, 2018, no State agency shall request to enter into or renew any lease unless at the time it makes the request it certifies to the Department of Administration that it has searched existing State-owned real property, contacted other State agencies to identify existing unused State-owned property, and found none that would be suitable for the agency's needs.

SECTION 3.(f) Subsections (a) and (b) of this section become effective July 1, 2018. The remainder of this section is effective when this act becomes law.

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act becomes effective when it becomes law.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

AN ACT TO INCLUDE PER TRANSACTION RATES PAID TO LICENSE PLATE AGENCY COMMISSION CONTRACTORS WITHIN THE QUADRENNIAL ADJUSTMENT MADE BY THE DIVISION OF MOTOR VEHICLES, TO SPECIFY THAT PROCESSING AN INSPECTION STOP IS A SEPARATE TRANSACTION FOR WHICH COMPENSATION SHALL BE PAID, AND TO REQUIRE THE DIVISION OF MOTOR VEHICLES TO STUDY THE PROCEDURE FOR PROCESSING INSPECTION STOPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 20-4.02 reads as rewritten:

§ 20-4.02. Quadrennial adjustment of certain fees and rates.

(a) Adjustment for Inflation. – Beginning July 1, 2020, and every four years thereafter, the Division shall adjust the fees charged and rates imposed pursuant to the statutes listed in this subsection for inflation in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics. The adjustment for per transaction rates in subdivision (8a) of this subsection shall be rounded to the nearest cent and all other adjustments under this subsection shall be rounded to the nearest twenty-five cents (25¢):

(1) G.S. 20-7.
(2) G.S. 20-11.
(3) G.S. 20-14.
(4) G.S. 20-16.
(6) G.S. 20-37.15.
(7) G.S. 20-37.16.
(8) G.S. 20-42(b).
(8a) G.S. 20-63(h), with respect to the per transaction rates set in that subsection.
(9) G.S. 20-85(a)(1) through (10).
(10) G.S. 20-85.1.
(11) G.S. 20-87, except for the additional fee set forth in G.S. 20-87(6) for private motorcycles.
(12) G.S. 20-88.
(13) G.S. 20-289.
(14) G.S. 20-385.
(15) G.S. 44A-4(b)(1).

(b) Computation. – In determining the rate of inflation to use when adjusting the fees making an adjustment pursuant to subsection (a) of this section, the Division shall base the rate on the percent change in the annual Consumer Price Index over the preceding four-year period.

(c) Rules. – The provisions of Chapter 150B of the General Statutes shall not apply to the inflation adjustment of fees required by this section.

(d) Consultation and Publication. – At least 90 days prior to adjusting the fees making an adjustment pursuant to subsection (a) of this section, and notwithstanding any provision of G.S. 12-3.1 to the contrary, the Division shall (i) consult with the Joint Legislative Commission on Governmental Operations, (ii) provide a report to the chairs of the Senate Appropriations Committee on Department of Transportation and the House of Representatives Appropriations Committee on Transportation, and (iii) publish notice of the fees that will be in effect in the offices of the Division and on the Division’s Web site.”

SECTION 2. G.S. 20-63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration certificates, and certificates of title issued by the Division, outside of those issued from the office of the Division located in Wake, Cumberland, or Mecklenburg Counties and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of the plates and certificates in localities throughout North Carolina, including military installations within this State, with persons, firms, corporations or governmental subdivisions of the State of North Carolina. The Division shall make a reasonable effort in every locality, except as noted above, to enter into a commission contract for the issuance of the plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission contracts, it shall issue the plates and certificates through the regular employees of the Division. Whenever registration plates, registration certificates, and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of the distribution. Nothing contained in this subsection allows or permits the operation of fewer outlets in any county in this State than are now being operated.

The terms of a commission contract entered under this subsection shall specify the duration of the contract and either include or incorporate by reference standards by which the Division may supervise and evaluate the performance of the commission contractor. The duration of an initial commission contract may not exceed eight years and the duration of a renewal commission contract may not exceed two years. The Division may award monetary performance bonuses, not to exceed an aggregate total of ninety thousand dollars ($90,000) annually, to commission contractors based on their performance.

The amount of compensation payable to a commission contractor is determined on a per transaction basis. The collection of the highway use tax and the removal of an inspection stop are each considered a separate transaction for which one dollar and thirty cents ($1.30) compensation shall be paid. The issuance of a limited registration "T" sticker and the collection of property tax are each considered a separate transaction for which compensation at the rate of one dollar and thirty cents ($1.30) and one dollar and eight cents ($1.08) respectively, shall be paid by counties and municipalities as a cost of the combined motor vehicle registration renewal and property tax collection system. The performance at the same time of one or more
of the transactions below is considered a single transaction for which one dollar and forty-six cents ($1.46) compensation shall be paid:

SECTION 3. The Division of Motor Vehicles of the Department of Transportation is directed to study the following and to report its findings and recommendations to the Joint Legislative Transportation Oversight Committee by December 1, 2017:

(1) The number of State vehicle inspection stops that were overridden in the two most recent fiscal years due to the failure of data to be transmitted timely from an inspection station to the State Titling and Registration System (STARS) or due to other reasons.

(2) Any changes, in the process or in the law, required to reduce or eliminate the need for commission contractors to override, through a cumbersome data entry process, an incorrect State inspection stop.

(3) The number of vehicles registered in the State in the two most recent fiscal years that were subject to inspection under federal law.

(4) The process by which data is entered in STARS to reflect that a vehicle has met the federal inspection requirement and whether this process can be made simpler.

SECTION 4. Sections 2 and 3 of this act become effective October 1, 2016. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2016.

Session Law 2016-121

S.B. 838

AN ACT TO REQUIRE FURTHER REPORTING FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES RELATED TO TRANSFORMATION OF THE MEDICAID AND NC HEALTH CHOICE PROGRAMS AND TO MODIFY CERTAIN PROVISIONS OF THE MEDICAID TRANSFORMATION LEGISLATION.

The General Assembly of North Carolina enacts:

SECTION 1. No later than October 1, 2016, the Department of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Fiscal Research Division containing the following items:

(1) The status of the 1115 waiver submission to the Centers for Medicare and Medicaid Services (CMS), as well as any other submissions to CMS related to the transition of Medicaid and NC Health Choice from fee for service to capitation. The report shall specifically address the timeliness of the submission or submissions to CMS, responses received from CMS, and strategies necessary to ensure approval of a waiver for Medicaid transformation.

(2) A detailed Work Plan for the implementation of the transformation of Medicaid and NC Health Choice programs. The Work Plan shall provide sufficient detail to allow the Joint Legislative Oversight Committee on Medicaid and NC Health Choice to monitor progress and identify challenges and impediments to the implementation of the transformation of Medicaid and NC Health Choice programs. The detailed Work Plan shall identify key milestones, tasks, and events necessary to the transition of the programs. For each milestone, task, and event, the Work Plan shall specify the expected completion dates and identify the individual who is assigned responsibility for accomplishing or ensuring the accomplishment of the milestone, task, or event.
A sufficiently detailed description of any developments or changes during the planning process to enable the General Assembly to address any barriers to successful implementation of the Medicaid and NC Health Choice transformation.

SECTION 2. (a) Section 3 of S.L. 2015-245 reads as rewritten:

"SECTION 3. Time Line for Medicaid Transformation. – The following milestones for Medicaid transformation shall occur no later than the following dates:

(1) When this act becomes law. –
   a. The Division of Health Benefits of the Department of Health and Human Services (DHHS) is created pursuant to Section 10 of this act.
   b. The Joint Legislative Oversight Committee on Medicaid and NC Health Choice is created pursuant to Section 15 of this act to oversee the Medicaid and NC Health Choice programs.
   c. The Division of Health Benefits DHHS shall begin development of the 1115 waiver and any other State Plan amendments and waiver amendments necessary to effectuate the Medicaid transformation required by this act.

(2) March 1, 2016. – The DHHS, through the Division of Health Benefits, DHHS shall report its plans and progress on Medicaid transformation, including recommended statutory changes, to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, as required by subdivision (12) of Section 5 of this act.

(3) On or before June 1, 2016. – The DHHS, through the Division of Health Benefits DHHS shall submit the waivers and State Plan amendments required by this act to the Centers for Medicare & Medicaid Services (CMS).

(4) Eighteen months after approval of all necessary waivers and State Plan amendments by CMS. – Capitated contracts shall begin and initial recipient enrollment shall be complete."

SECTION 2. (b) Section 4 of S.L. 2015-245 reads as rewritten:

"SECTION 4. Structure of Delivery System. – The transformed Medicaid and NC Health Choice programs described in Section 1 of this act shall be organized according to the following principles and parameters:

(1) DHHS authority. – The Department of Health and Human Services (DHHS) shall have full authority to manage the State's Medicaid and NC Health Choice programs provided that the total expenditures, net of agency receipts, do not exceed the authorized budget for each program, except the General Assembly shall determine eligibility categories and income thresholds. DHHS through the Division of Health Benefits, created in Section 10 of this act, shall be responsible for planning and implementing the Medicaid transformation required by this act.

(2) Prepaid Health Plan. – For purposes of this act, a Prepaid Health Plan (PHP) shall be defined as an entity, which may be a commercial plan or provider-led entity, that operates or will operate a capitated contract for the delivery of services pursuant to subdivision (3) of this section. For purposes of this act, the terms "commercial plan" and "provider-led entity" are defined as follows:
   a. Commercial plan or CP. – Any person, entity, or organization, profit or nonprofit, that undertakes to provide or arrange for the delivery of health care services to enrollees on a prepaid basis except for enrollee responsibility for copayments and deductibles and holds a PHP license issued by the Department of Insurance.
b. Provider-led entity or PLE. – An entity that meets all of the following criteria:

1. A majority of the entity's ownership is held by an individual or entity that has as its primary business purpose the ownership or operation of one or more capitated contracts described in subdivision (3) of this section or Medicaid and NC Health Choice providers.
2. A majority of the entity's governing body is composed of individuals who (i) are licensed in the State as physicians, physician assistants, nurse practitioners, or psychologists and (ii) have experience treating beneficiaries of the North Carolina Medicaid program.
3. Holds a PHP license issued by the Department of Insurance.

(4) Services covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice services, including physical health services, prescription drugs, long-term services and supports, and behavioral health services for NC Health Choice recipients, except as otherwise provided in this subdivision. The capitated contracts required by this subdivision shall not cover:

a. Behavioral health services for Medicaid recipients currently covered by the local management entities/managed care organizations (LME/MCOs) shall be excluded from the capitated contracts until four years after the date capitated contracts begin.

b. The capitated contracts required by this subdivision shall not cover:

dental services.

(5) Populations covered by PHPs. – Capitated PHP contracts shall cover all Medicaid and NC Health Choice program aid categories except recipients for the following categories:

a. Recipients who are dually eligible for Medicaid and Medicare. Recipients in the aged program aid category that are eligible for Medicare shall be considered recipients who are dually eligible for Medicaid and Medicare. The Division of Health Benefits shall develop a long-term strategy to cover dual eligibles through capitated PHP contracts, as required by subdivision (11) of Section 5 of this act.


d. Medically needy Medicaid recipients.

e. Members of federally recognized tribes. Members of federally recognized tribes shall have the option to enroll voluntarily in PHPs.

f. Presumptively eligible recipients, during the period of presumptive eligibility.

g. Recipients who participate in the North Carolina Health Insurance Premium Payment (NC HIPP) program.

(6) Number and nature of capitated PHP contracts. – The number and nature of the contracts required under subdivision (3) of this section shall be as follows:

a. Three contracts between the Division of Health Benefits and PHPs to provide coverage to Medicaid and NC Health Choice recipients statewide (statewide contracts).

b. Up to 1012 contracts between the Division of Health Benefits and PLEs for coverage of regions specified by the Division of Health Benefits pursuant to subdivision (2) of Section 5 of this act (regional contracts). Regional contracts shall be in addition to the three statewide contracts required under sub-subdivision a. of this subdivision. Each regional contract shall provide coverage throughout the entire region for the Medicaid and NC Health Choice services required by subdivision (4) of this section. A PLE may bid for more than one regional contract, provided that the regions are contiguous.

c. Initial capitated PHP contracts may be awarded on staggered terms of three to five years in duration to ensure against gaps in coverage that may result from termination of a contract by the PHP or the State.

...."

SECTION 2.(c) Section 5 of S.L. 2015-245 reads as rewritten:

"SECTION 5. Role of DHHS. – The role and responsibility of DHHS, through the Division of Health Benefits, DHHS during Medicaid transformation shall include the following activities and functions:

(6) Enter into capitated PHP contracts for the delivery of the Medicaid and NC Health Choice services described in subdivision (4) of Section 4 of this act. All contracts shall be the result of requests for proposals (RFPs) issued by DHHS and the submission of competitive bids by PHPs. DHHS, through the Division of Health Benefits, DHHS shall develop standardized contract terms, to include at a minimum, the following:

a. Risk-adjusted cost growth for its enrollees must be at least two percentage (2%) points below national Medicaid spending growth as documented and projected in the annual report prepared for CMS by the Office of the Actuary for nonexpansion states.

b. A requirement that PHP spending for prescribed drugs, net of rebates, ensures the State realizes a net savings for the spending on prescription drugs. All PHPs shall be required to use the same drug formulary, which shall be established by DHHS, through the Division of Health Benefits, DHHS.

c. Until final federal regulations are promulgated governing medical loss ratio, a minimum medical loss ratio of eighty-eight percent (88%) for health care services, with the components of the numerator and denominator to be defined by DHHS, through the Division of Health Benefits, DHHS.
d. A requirement that PHPs develop and maintain provider networks that meet access to care requirements for their enrollees. PHPs may not exclude providers from their networks except for failure to meet objective quality standards or refusal to accept network rates. Notwithstanding the previous sentence, PHPs must include all providers in their geographical coverage area that are designated essential providers by DHHS pursuant to subdivision (13) of this section, unless DHHS approves an alternative arrangement for securing the types of services offered by the essential providers.

e. A requirement that all PHPs assure that enrollees who do not elect a primary care provider will be assigned to one.

(11) Develop a Dual Eligibles Advisory Committee, which must include at least a reasonably representative sample of the populations receiving long-term services and supports covered by Medicaid. The Division of Health Benefits, DHHS, upon the advice of the Dual Eligibles Advisory Committee, shall develop a long-term strategy to cover dual eligibles through capitated PHP contracts and report the strategy to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice by January 31, 2017.

(13) Designate Medicaid and NC Health Choice providers as essential providers if the provider either offers services that are not available from any other provider within a reasonable access standard or provides a substantial share of the total units of a particular service utilized by Medicaid and NC Health Choice recipients within the region during the last three years, and the combined capacity of other service providers in the region is insufficient to meet the total needs of the Medicaid and NC Health Choice enrollees. DHHS shall not classify physicians and other practitioners as essential providers. At a minimum, providers in the following categories shall be designated essential providers:

a. Federally qualified health centers.

b. Rural health centers.

c. Free clinics.

d. Local health departments.

e. State Veterans Homes.

SECTION 2.(d) Section 8 of S.L. 2015-245 reads as rewritten:

"SECTION 8. Innovations Center. – DHHS shall submit a program design and budget proposal no later than May 1, 2016, to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice that will create a Medicaid and NC Health Choice Transformation Innovations Center within the Division of Health Benefits with the purpose of assisting Medicaid and NC Health Choice providers in achieving the ultimate goals of better health, better care, and lower costs for North Carolinians. The center should be designed to support providers through technical assistance and learning collaboratives that foster peer-to-peer sharing of best practices. DHHS shall use the Oregon Health Authority's Transformation Center as a design model and shall consider at least the following features:

(1) Learning collaboratives, peer-to-peer networks.

(2) Clinical standards and supports.

(3) Innovator agents.

(4) Council of Clinical Innovators.

(5) Community and stakeholder engagement.

(6) Conferences and workshops.

(7) Technical assistance.

(8) Infrastructure support."
SECTION 2.(e) Section 9 of S.L. 2015-245 reads as rewritten:

"SECTION 9. Maintain Funding Mechanisms. – In developing the waivers and State Plan amendments necessary to implement this act, the Department of Health and Human Services, through the Division of Health Benefits created in Section 10 of this act, DHHS shall work with the Centers for Medicare & Medicaid Services (CMS) to attempt to preserve existing levels of funding generated from Medicaid-specific funding streams, such as assessments, to the extent that the levels of funding may be preserved. If such Medicaid-specific funding cannot be maintained as currently implemented, then DHHS shall advise the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, created in Section 15 of this act, of any modifications necessary to maintain as much revenue as possible within the context of Medicaid transformation. If such Medicaid-specific funding streams cannot be preserved through the transformation process or if revenue would decrease, it is the intent of the General Assembly to modify such funding streams so that any supplemental payments to providers are more closely aligned to improving health outcomes and achieving overall Medicaid goals."

SECTION 2.(e1) S.L. 2015-245 is amended by adding a new section to read:

"SECTION 9A. Eligibility for Parents of Children in Foster Care. – DHHS is authorized to seek approval from CMS through the 1115 waiver required by subdivision (1) of Section 5 of this act to allow parents to retain Medicaid eligibility while their child is being served temporarily by the foster care program. It is the intent of the General Assembly to expand Medicaid eligibility to cover this population upon implementation of the 1115 waiver, if CMS approves this coverage in the waiver."

SECTION 2.(f) Section 10 of S.L. 2015-245 reads as rewritten:

"SECTION 10. Creation of the Division of Health Benefits. – The Division of Health Benefits is established as a new division of the Department of Health and Human Services. The Department of Health and Human Services, through the Division of Health Benefits, shall be responsible for implementing Medicaid transformation required by this act and shall administer and operate all functions, powers, duties, obligations, and services related to the transformed Medicaid and NC Health Choice programs. The Division of Medical Assistance shall continue to operate the current Medicaid and NC Health Choice programs until the Division of Medical Assistance is eliminated. Upon the elimination of the Division of Medical Assistance, all functions, powers, duties, obligations, and services vested in the Division of Medical Assistance of the Department of Health and Human Services are vested in the Division of Health Benefits. The Division of Medical Assistance shall remain the Medicaid single agency and shall be responsible for implementing Medicaid transformation required by this act and shall administer and operate all functions, powers, duties, obligations, and services related to the transformed Medicaid and NC Health Choice programs. Prior to the effective date of G.S. 143B-216.85, the Secretary of DHHS may appoint a Director of the Division of Health Benefits."

SECTION 2.(g) G.S. 143B-216.80 reads as rewritten:

"§ 143B-216.80. Division of Health Benefits – creation and organization.
(a) There is hereby established the Division of Health Benefits of the Department of Health and Human Services. The Director shall be the head of the Division of Health Benefits. Upon the elimination of the Division of Medical Assistance, the Division of Health Benefits shall be vested with all functions, powers, duties, obligations, and services previously vested in the Division of Medical Assistance. The Department of Health and Human Services, through the Division of Health Benefits, Services shall have the powers and duties described in G.S. 108A-54(e). The Director shall be the head of the Division of Health Benefits in G.S. 108A-54(e) in addition to the powers and duties already vested in the Department.
(b) Although generally subject to the laws of this State, the following exemptions, limitations, and modifications apply to the Division of Health Benefits of the Department of Health and Human Services, notwithstanding any other provision of law:
(1) Employees of the Division of Health Benefits shall not be subject to the North Carolina Human Resources Act, except as provided in G.S. 126-5(c)(31).

(2) The Secretary may retain private legal counsel and is not subject to G.S. 114-2.3 or G.S. 147-17(a) through (c).

(3) The Division of Health Benefits’ employment contracts offered pursuant to G.S. 108A-54(e)(2) are not subject to review and approval by the Office of State Human Resources.

(4) If the Secretary establishes alternative procedures for the review and approval of contracts, then the Division of Health Benefits is exempt from State contract review and approval requirements but still may choose to utilize the State contract review and approval procedures for particular contracts."

SECTION 2.(h) G.S. 108A-54 reads as rewritten:

"§ 108A-54. Authorization of Medical Assistance Program; administration.

... The Department of Health and Human Services shall continue to administer and operate the Medicaid and NC Health Choice programs through the Division of Medical Assistance until the Division of Medical Assistance is eliminated at which time all functions, powers, duties, obligations, and services vested in the Division of Medical Assistance are vested in the Division of Health Benefits. Prior to and following the exchange of powers and duties from the Division of Medical Assistance to the Division of Health Benefits, and in addition to the powers and duties already vested in the Secretary of the Department of Health and Human Services, the Secretary of the Department of Health and Human Services, through the Division of Health Benefits, Services shall have the following powers and duties:

(1) Administer and operate the Medicaid and NC Health Choice programs, provided that the total expenditures, net of agency receipts, do not exceed the authorized budget for the Medicaid program and NC Health Choice program. None of the powers and duties enumerated in the other subdivisions of this subsection shall be construed to limit the broad grant of authority to administer and operate the Medicaid and NC Health Choice programs.

(2) Employ clerical and professional staff of the Division of Health Benefits, including consultants and legal counsel, necessary to carry out the powers and duties of the division. In hiring staff for the Division of Health Benefits, the Secretary may offer employment contracts for a term and set compensation for the employees, which may include performance-based bonuses based on meeting budget or other targets.

(3) Notwithstanding G.S. 143-64.20, enter into contracts for the administration of the Medicaid and NC Health Choice programs, as well as manage such contracts, including contracts of a consulting or advisory nature.

(4) Establish and adjust all program components, except for eligibility categories and income thresholds, of the Medicaid and NC Health Choice programs within the appropriated and allocated budget.

(5) Adopt rules related to the Medicaid and NC Health Choice programs.

(6) Develop midyear budget correction plans and strategies and then take midyear budget corrective actions necessary to keep the Medicaid and NC Health Choice programs within budget.

(7) Approve or disapprove and oversee all expenditures to be charged to or allocated to the Medicaid and NC Health Choice programs by other State departments or agencies.

(8) Develop and present to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Office of State Budget and
Management by January 1 of each year, beginning in 2017, the following information for the Medicaid and NC Health Choice programs:

a. A detailed four-year forecast of expected changes to enrollment growth and enrollment mix.
b. What program changes will be made by the Department in order to stay within the existing budget for the programs based on the next fiscal year's forecasted enrollment growth and enrollment mix.
c. The cost to maintain the current level of services based on the next fiscal year's forecasted enrollment growth and enrollment mix.

Publish on its Web site and update on at least a monthly basis, at a minimum, the following information about the Medicaid and NC Health Choice programs:

a. Enrollment by program aid category by county.
b. Per member per month spending by category of service.
c. Spending and receipts by fund along with a detailed variance analysis.
d. A comparison of the above figures to the amounts forecasted and budgeted for the corresponding time period.

(f) The General Assembly shall determine the eligibility categories and income thresholds for the Medicaid and NC Health Choice programs. The Department of Health and Human Services, through the Division of Health Benefits, Services is expressly authorized to adopt temporary and permanent rules regarding eligibility requirements and determinations, to the extent that they do not conflict with the parameters set by the General Assembly.

(g) Although generally subject to the laws of this State, the following exemptions, limitations, and modifications apply to the Division of Health Benefits of the Department of Health and Human Services, notwithstanding any other provision of law:

1. Employees of the Division of Health Benefits shall not be subject to the North Carolina Human Resources Act, except as provided in G.S. 126-5(c)(31).
2. The Secretary may retain private legal counsel and is not subject to G.S. 114-2.3 or G.S. 147-17(a) through (c).
3. The Division of Health Benefits' employment contracts offered pursuant to G.S. 108A-54(e)(2) are not subject to review and approval by the Office of State Human Resources.
4. If the Secretary establishes alternative procedures for the review and approval of contracts, then the Division of Health Benefits is exempt from State contract review and approval requirements but may still choose to utilize the State contract review and approval procedures for particular contracts.

SECTION 2.(i) G.S. 143B-139.6C reads as rewritten:

"§ 143B-139.6C. Cooling-off period for certain Department employees.

(a) Ineligible Vendors. – The Secretary of the Department of Health and Human Services shall not contract for goods or services with a vendor that employs or contracts with a person who is a former employee of the Department and uses that person in the administration of a contract with the Department.

(b) Vendor Certification. – The Secretary shall require each vendor submitting a bid or contract to certify that the vendor will not use a former employee of the Department in the administration of a contract with the Department in violation of the provisions of subsection (a) of this section.

(c) A violation of the provisions of this section shall void the contract.

(d) Definitions. – As used in this section, the following terms mean:

1. Administration of a contract. – Oversight. The former employee's duties and responsibilities for the vendor include oversight of the performance of a
contract, or authority to make decisions regarding a contract, including interpretation of a contract, or participation in the development of specifications or terms of a contract or in the preparation, contract, or award of a contract.

(2) Former employee of the Department. – A person who, for any period within the preceding six months, was employed as an employee or contract employee of the Department of Health and Human Services, and in the six months immediately preceding termination of State employment, participated personally in either the award or management of a Department contract with the vendor, or made regulatory or licensing decisions that directly applied to the vendor. Services and personally participated in any of the following:
   a. The award of a contract to the vendor.
   b. An audit, decision, investigation, or other action affecting the vendor.
   c. Regulatory or licensing decisions that applied to the vendor.

SECTION 2.(j) S.L. 2015-245 is amended by adding a new section to read:

"SECTION 22A.(a) Notwithstanding any provision of S.L. 2015-241, as amended by S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5, that requires a reduction within the Division of Medical Assistance, the Department of Health and Human Services (DHHS), is authorized to establish, maintain, or adjust all Medicaid program components, except for eligibility categories and income thresholds, within the appropriated and allocated budget for the Medicaid program, provided that the total Medicaid expenditures, net of agency receipts, do not exceed the authorized budget for the Medicaid program, in accordance with G.S. 108A-54(a).

"SECTION 22A.(b) If DHHS intends to maintain any program components as authorized by subsection (a) of this section, then no later than 60 calendar days after Senate Bill 838, 2015 Regular Session, becomes law, DHHS shall request that the Office of State Budget and Management (OSBM) certify that there are sufficient recurring Medicaid funds to maintain the program component. Within 30 calendar days after receiving DHHS’s request, OBSM must respond to the request. If OSBM does not certify by the end of the 30-day period that there are sufficient recurring Medicaid funds to maintain the program component, then DHHS shall implement the reduction required by S.L. 2015-241, as amended by S.L. 2015-263, S.L. 2015-264, S.L. 2015-267, S.L. 2015-268, S.L. 2015-276, S.L. 2015-286, and S.L. 2016-5."

SECTION 3. Section 2(j) of this act is effective when it becomes law. The remainder of this act is retroactively effective June 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-122

AN ACT REVISI NG THE CONDITIONS UNDER WHICH COUNTIES AND CITIES MAY INSPECT BUILDINGS OR STRUCTURES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 153A-364 reads as rewritten:

"§ 153A-364. Periodic inspections for hazardous or unlawful conditions.
   (a) The inspection department may make periodic inspections, subject to the board of commissioners’ directions, for unsafe, unsanitary, or otherwise hazardous and unlawful conditions in buildings or structures within its territorial jurisdiction. However, when the inspection department determines that a safety hazard exists in one of the dwelling units within a multifamily building, which in the opinion of the inspector poses an immediate threat to the occupant, the inspection department may inspect, in the absence of a specific complaint and actual knowledge of the unsafe condition, additional dwelling units in the multifamily building to determine if that same safety hazard exists. Except as provided in subsection (b) of this
section, the inspection department may make periodic inspections only when there is reasonable cause to believe that unsafe, unsanitary, or otherwise hazardous or unlawful conditions may exist in a residential building or structure. For purposes of this section, the term "reasonable cause" means any of the following: (i) the landlord or owner property has a history of more than two four verified violations of the housing ordinances or codes within a rolling 12-month period; (ii) there has been a complaint that substandard conditions exist within the building or there has been a request that the building be inspected; (iii) the inspection department has actual knowledge of an unsafe condition within the building; or (iv) violations of the local ordinances or codes are visible from the outside of the property. In conducting inspections authorized under this section, the inspection department shall not discriminate between single-family and multifamily buildings or between owner-occupied and tenant-occupied buildings. In exercising these powers, each member of the inspection department has a right, upon presentation of proper credentials, to enter on any premises within the territorial jurisdiction of the department at any reasonable hour for the purposes of inspection or other enforcement action. Nothing in this section shall be construed to prohibit periodic inspections in accordance with State fire prevention code or as otherwise required by State law.

(b) A county may require periodic inspections as part of a targeted effort to respond to blighted or potentially blighted conditions within a geographic area that has been designated by the county commissioners. However, the total aggregate of targeted areas in the county at any one time shall not be greater than one square mile or five percent (5%) of the area within the county, whichever is greater. A targeted area designated by the county shall reflect the county's stated neighborhood revitalization strategy and shall consist of property that meets the definition of a "blighted area" or "blighted parcel" as those terms are defined in G.S. 160A-503(2) and G.S. 160A-503(2a), respectively, except that for purposes of this subsection the planning commission is not required to make a determination as to the property. The county shall not discriminate in its selection of areas or housing types to be targeted and shall (i) provide notice to all owners and residents of properties in the affected area about the periodic inspections plan and information regarding a public hearing regarding the plan; (ii) hold a public hearing regarding the plan; and (iii) establish a plan to address the ability of low-income residential property owners to comply with minimum housing code standards. A residential building or structure that is subject to periodic inspections by the North Carolina Housing Finance Agency (hereinafter "Agency") shall not be subject to periodic inspections under this subsection if the Agency has issued a finding that the building or structure is in compliance with federal standards established by the United States Department of Housing and Urban Development to assess the physical condition of residential property. The owner or manager of a residential building or structure subject to periodic inspections by the Agency shall, within 10 days of receipt, submit to the inspection department a copy of the Compliance Results Letter issued by the Agency showing that the residential building or structure is in compliance with federal housing inspection standards. If the owner or manager fails to submit a copy of the Compliance Results Letter as provided in this subsection, the residential building or structure shall be subject to periodic inspections as provided in this subsection until the Compliance Results Letter is submitted to the inspection department.

(c) In no event may a county do any of the following: (i) adopt or enforce any ordinance that would require any owner or manager of rental property to obtain any permit or permission from the county to lease or rent residential real property or to register rental property with the county, except for those individual rental units that have either more than three four verified violations of housing ordinances or codes in a rolling 12-month period or two more verified violations in a rolling 30-day period, or upon the property being identified within the top ten percent (10%) of properties with crime or disorder problems as set forth in a local ordinance; (ii) require that an owner or manager of residential rental property enroll or participate in any governmental program as a condition of obtaining a certificate of occupancy; or (iii) except as provided in subsection (d) of this section, occupancy;
(iii) levy a special fee or tax on residential rental property that is not also levied against other commercial and residential properties, unless expressly authorized by general law or applicable only to an individual rental unit or property described in clause (i) of this subsection and the fee does not exceed five hundred dollars ($500.00) in any 12-month period in which the unit or property is found to have verified violations; (iv) provide that any violation of a rental registration ordinance is punishable as a criminal offense; or (v) require any owner or manager of rental property to submit to an inspection before receiving any utility service provided by the city. For purposes of this section, the term "verified violation" means all of the following:

1. The aggregate of all violations of housing ordinances or codes found in an individual rental unit of residential real property during a 72-hour period.
2. Any violations that have not been corrected by the owner or manager within 21 days of receipt of written notice from the county of the violations. Should the same violation occur more than two times in a 12-month period, the owner or manager may not have the option of correcting the violation. If the housing ordinance or code provides that any form of prohibited tenant behavior constitutes a violation by the owner or manager of the rental property, it shall be deemed a correction of the tenant-related violation if the owner or manager, within 30 days of receipt of written notice of the tenant-related violation, brings a summary ejectment action to have the tenant evicted.

(d) A county may levy a fee for residential rental property registration under subsection (c) of this section for those rental units which have been found with more than two verified violations of housing ordinances or codes within the previous 12 months or upon the property being identified within the top 10% of properties with crime or disorder problems as set forth in a local ordinance. The fee shall be an amount that covers the cost of operating a residential registration program and shall not be used to supplant revenue in other areas. Counties using registration programs that charge registration fees for all residential rental properties as of June 1, 2011, may continue levying a fee on all residential rental properties as follows:

1. For properties with 20 or more residential rental units, the fee shall be no more than fifty dollars ($50.00) per year.
2. For properties with fewer than 20 but more than three residential rental units, the fee shall be no more than twenty-five dollars ($25.00) per year.
3. For properties with three or fewer residential rental units, the fee shall be no more than fifteen dollars ($15.00) per year.

(e) If a property is identified by the county as being in the top ten percent (10%) of properties with crime or disorder problems, the county shall notify the landlord of any crimes, disorders, or other violations that will be counted against the property to allow the landlord an opportunity to attempt to correct the problems. In addition, the county and the county sheriff's office shall assist the landlord in addressing any criminal activity, which may include testifying in court in a summary ejectment action or other matter to aid in evicting a tenant who has been charged with a crime. If the county or the county sheriff's office does not cooperate in evicting a tenant, the tenant's behavior or activity at issue shall not be counted as a crime or disorder problem as set forth in the local ordinance, and the property may not be included in the top ten percent (10%) of properties as a result of that tenant's behavior or activity.

(f) If the county takes action against an individual rental unit under this section, the owner of the individual rental unit may appeal the decision to the housing appeals board or the zoning board of adjustment, if operating, or the planning board if created under G.S. 153A-321, or if neither is created, the governing board. The board shall fix a reasonable time for hearing appeals, shall give due notice to the owner of the individual rental unit, and shall render a decision within a reasonable time. The owner may appear in person or by agent or attorney. The board may reverse or affirm the action, wholly or partly, or may modify the action appealed from, and may make any decision and order that in the opinion of the board ought to be made in the matter.
SECTION 2. G.S. 160A-424 reads as rewritten:

"§ 160A-424. Periodic inspections for hazardous or unlawful conditions.

(a) The inspection department may make periodic inspections, subject to the council's directions, for unsafe, unsanitary, or otherwise hazardous and unlawful conditions in buildings or structures within its territorial jurisdiction. However, when the inspection department determines that a safety hazard exists in one of the dwelling units within a multifamily building, which in the opinion of the inspector poses an immediate threat to the occupant, the inspection department may inspect, in the absence of a specific complaint and actual knowledge of the unsafe condition, additional dwelling units in the multifamily building to determine if that same safety hazard exists. Except as provided in subsection (b) of this section, the inspection department may make periodic inspections only when there is reasonable cause to believe that unsafe, unsanitary, or otherwise hazardous or unlawful conditions may exist in a residential building or structure. For purposes of this section, the term "reasonable cause" means any of the following: (i) the landlord or owner property has a history of more than two verified violations of the housing ordinances or codes within a rolling 12-month period; (ii) there has been a complaint that substandard conditions exist within the building or there has been a request that the building be inspected; (iii) the inspection department has actual knowledge of an unsafe condition within the building; or (iv) violations of the local ordinances or codes are visible from the outside of the property. In conducting inspections authorized under this section, the inspection department shall not discriminate between single-family and multifamily buildings or between owner-occupied and tenant-occupied buildings. In exercising this power, members of the department shall have a right to enter on any premises within the jurisdiction of the department at all reasonable hours for the purposes of inspection or other enforcement action, upon presentation of proper credentials. Nothing in this section shall be construed to prohibit periodic inspections in accordance with State fire prevention code or as otherwise required by State law.

(b) A city may require periodic inspections as part of a targeted effort to respond to blighted or potentially blighted conditions within a geographic area that has been designated by the city council. However, the total aggregate of targeted areas in the city at any one time shall not be greater than one square mile or five percent (5%) of the area within the city, whichever is greater. A targeted area designated by the city shall reflect the city's stated neighborhood revitalization strategy and shall consist of property that meets the definition of a "blighted area" or "blighted parcel" as those terms are defined in G.S. 160A-503(2) and G.S. 160A-503(2a), respectively, except that for purposes of this subsection the planning commission is not required to make a determination as to the property. The municipality shall not discriminate in its selection of areas or housing types to be targeted and shall (i) provide notice to all owners and residents of properties in the affected area about the periodic inspections plan and information regarding a public hearing regarding the plan; (ii) hold a public hearing regarding the plan; and (iii) establish a plan to address the ability of low-income residential property owners to comply with minimum housing code standards. A residential building or structure that is subject to periodic inspections by the North Carolina Housing Finance Agency (hereinafter "Agency") shall not be subject to periodic inspections under this subsection if the Agency has issued a finding that the building or structure is in compliance with federal standards established by the United States Department of Housing and Urban Development to assess the physical condition of residential property. The owner or manager of a residential building or structure subject to periodic inspections by the Agency shall, within 10 days of receipt, submit to the inspection department a copy of the Compliance Results Letter issued by the Agency showing that the residential building or structure is in compliance with federal housing inspection standards. If the owner or manager fails to submit a copy of the Compliance Results Letter as provided in this subsection, the residential building or structure shall be subject to periodic inspections as provided in this subsection until the Compliance Results Letter is submitted to the inspection department.
In no event may a city do any of the following: (i) adopt or enforce any ordinance that would require any owner or manager of rental property to obtain any permit or permission from the city to lease or rent residential real property, or to register rental property with the city, except for those individual rental units that have either more than three or four verified violations in a rolling 12-month period or two or more verified violations in a rolling 30-day period, or upon the property being identified within the top 10% ten percent (10%) of properties with crime or disorder problems as set forth in a local ordinance; (ii) require that an owner or manager of residential rental property enroll or participate in any governmental program as a condition of obtaining a certificate of occupancy; or (iii) except as provided in subsection (d) of this section, (iii) levy a special fee or tax on residential rental property that is not also levied against other commercial and residential properties, unless expressly authorized by general law or applicable only to an individual rental unit or property described in subdivision (i) of this subsection and the fee does not exceed five hundred dollars ($500.00) in any 12-month period in which the unit or property is found to have verified violations; (iv) provide that any violation of a rental registration ordinance is punishable as a criminal offense; or (v) require any owner or manager of rental property to submit to an inspection before receiving any utility service provided by the city. For purposes of this section, the term "verified violation" means all of the following:

1. The aggregate of all violations of housing ordinances or codes found in an individual rental unit of residential real property during a 72-hour period.
2. Any violations that have not been corrected by the owner or manager within 21 days of receipt of written notice from the city of the violations. Should the same violation occur more than two times in a 12-month period, the owner or manager may not have the option of correcting the violation. If the housing ordinance or code provides that any form of prohibited tenant behavior constitutes a violation by the owner or manager of the rental property, it shall be deemed a correction of the tenant-related violation if the owner or manager, within 30 days of receipt of written notice of the tenant-related violation, brings a summary ejectment action to have the tenant evicted.

(d) A city may levy a fee for residential rental property registration under subsection (c) of this section for those rental units which have been found with more than two verified violations of local ordinances within the previous 12 months or upon the property being identified within the top 10% of properties with crime or disorder problems as set forth in a local ordinance. The fee shall be an amount that covers the cost of operating a residential registration program and shall not be used to supplant revenue in other areas. Cities using registration programs that charge registration fees for all residential rental properties as of June 1, 2011, may continue levying a fee on all residential rental properties as follows:

1. For properties with 20 or more residential rental units, the fee shall be no more than fifty dollars ($50.00) per year.
2. For properties with fewer than 20 but more than three residential rental units, the fee shall be no more than twenty-five dollars ($25.00) per year.
3. For properties with three or fewer residential rental units, the fee shall be no more than fifteen dollars ($15.00) per year.

(e) If a property is identified by the city as being in the top ten percent (10%) of properties with crime or disorder problems, the city shall notify the landlord of any crimes, disorders, or other violations that will be counted against the property to allow the landlord an opportunity to attempt to correct the problems. In addition, the city and the city's police department or, if the city has no police department, the county sheriff's office shall assist the landlord in addressing any criminal activity, which may include testifying in court in a summary ejectment action or other matter to aid in evicting a tenant who has been charged with a crime. If the city, the city's police department, or where applicable the county sheriff's office does not cooperate in evicting a tenant, the tenant's behavior or activity at issue shall not be
counted as a crime or disorder problem as set forth in the local ordinance, and the property may not be included in the top ten percent (10%) of properties as a result of that tenant's behavior or activity.

(f) If the city takes action against an individual rental unit under this section, the owner of the individual rental unit may appeal the decision to the housing appeals board or the zoning board of adjustment, if operating, or the planning board, if created under G.S. 160A-361, or if neither is created, the governing board. The board shall fix a reasonable time for hearing appeals, shall give due notice to the owner of the individual rental unit, and shall render a decision within a reasonable time. The owner may appear in person or by agent or attorney. The board may reverse or affirm the action, wholly or partly, or may modify the action appealed from, and may make any decision and order that in the opinion of the board ought to be made in the matter."

SECTION 3. This act becomes effective January 1, 2017.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

Session Law 2016-123

H.B. 805

AN ACT TO PROVIDE FOR MEASURABILITY ASSESSMENTS OF STATE PROGRAMS; TO PROVIDE FOR CERTAIN COUNTY SERVICES ON THE TRUST LANDS OF THE EASTERN BAND OF THE CHEROKEE INDIANS; AND TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2016.

The General Assembly of North Carolina enacts:

PART I. MEASURABILITY ASSESSMENT

SECTION 1. The North Carolina General Statutes are amended by adding a new Chapter to read:

"Chapter 143E.


"§ 143E-1. Title.

This Chapter shall be known and may be cited as the "North Carolina Measurability Assessment Act of 2016."

"§ 143E-2. Request for measurability assessment.

The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.

"§ 143E-3. Definition of measurability assessment.

(a) A measurability assessment is an independent evaluation conducted on a new or existing State program.

(b) A measurability assessment must include or determine all of the following:

1. Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.

2. The local, regional, or statewide problems or needs that the program is intended to address.

3. Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation, including an evaluation of that logic model.

4. Whether there is evidence that the program produces results attributable to the program to remedy the problem or need. The information required by this subdivision shall include the following, as applicable:

   a. For a proposed program, whether the evidence stems from a formative evaluation of proposed activities through a field trial using a valid and reliable instrument or method to measure changes in a
randomized control group that was not subjected to the proposed activities to changes in a randomized group that did receive the proposed activities.

b. For an existing program asserting existence of evidence, whether the evidence stemmed from a post-program summative evaluation using an experimental or quasi-experimental research design.

c. For both proposed and existing programs, if the evidence had been subjected to alternative interpretations and peer review.

(5) The capacity of the administering entity to expand the program based upon existing evidence or results.

(6) How the program proposes to engage in strategic planning.

(7) How the program proposes to measure performance, including measurement of the following:

a. Total costs of program services with costs separately reported for each activity associated with each service.

b. Outputs or counts of units of services and for individual activities associated with each service.

c. Costs per unit of service and for individual activities associated with each service.

d. Outcomes or results attributable to each program service, including results upon completion of program service; results still evident one, two, and three years after completion; ultimate or permanent results; and when and how permanent results will be determined by the program.

e. Customer or client satisfaction with program services.

f. Statewide impacts of program outcomes as evidenced by census data or other statewide data.

g. Performance compared to standards and what standards the program intends to use.

(8) How the program will continuously improve quality of program services and consistency with the strategic plan.

(9) Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.

(10) Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.

(11) Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means-tested and by what method.

(12) How program staffing requirements are determined and an evaluation of those requirements.

(13) Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.

(14) Whether the program is or will be post-audited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly.

(c) The assessor must submit a written report containing the results of the measurability assessment to the Program Evaluation Division at a time and in a format required by the Program Evaluation Division.

§ 143E-4. Administration of measurability assessment process.

(a) The Program Evaluation Division must use a competitive process to prequalify independent measurability assessors. The assessors will be independent contractors
compensated through a uniform fee system established by the Program Evaluation Division, and there will be no guarantee that any prequalified assessor will receive assessment assignments. The Program Evaluation Division shall not assign an assessor to a measurability assessment if the assessor has been employed by or contracted with the entity within five years preceding the assessment.

(b) The Program Evaluation Division shall establish standards for assessor qualifications, independence, and conducting and reporting measurability assessments. Individuals who do not meet the qualifications may not be used to conduct measurability assessments.

(c) Whenever a measurability assessment is required, the Program Evaluation Division shall select the assessor and require the agency or institution to reimburse the Program Evaluation Division for the assessor's costs and for a share of the Program Evaluation Division's costs for administering the measurability assessment program."

PART II. GENERAL PROVISIONS

SECTION 2.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 2.1 of that act reads as rewritten:

"SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2016-2017 fiscal year:

Current Operations – General Fund FY 2016-2017

EDUCATION

... University of North Carolina – Board of Governors ...

Elizabeth City State University 250,000

UNC School of the Arts 630,000

... General Administration 1,250,000

University Institutional Programs 118,285,194 117,285,194

NC School of Science & Math 630,000

... AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES ...

Department of Commerce

Commerce 20,320,848 20,255,411

Commerce State-Aid 650,000

Department of Natural and Cultural Resources

Natural and Cultural Resources 14,718,687 14,784,124

Roanoke Island Commission 0

...
GENERAL GOVERNMENT

Department of Administration $5,405,3075,344,028

General Assembly $7,806,8167,868,095

SECTION 2.2. If House Bill 1030, 2015 Regular Session, becomes law, then
G.S. 143C-5-4(b)(8), as enacted by Section 6.3 of that act, reads as rewritten:
"(8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and
G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account
or the Repairs and Renovations Reserve Account and the State Controller
shall not transfer funds from the unreserved credit fund balance to the those
accounts on June 30 of the prior fiscal year."

SECTION 2.3. If House Bill 1030, 2015 Regular Session, becomes law, then
Section 6.25(a)(1) of S.L. 2015-241, as amended by Section 6.4 of House Bill 1030, 2015
Regular Session, reads as rewritten:
"(1) Abolish all positions that have been vacant for more than 12 months as of
April 17, 2015, and as of April 17, 2016, other than those
positions required to exist as part of the State's maintenance of effort
requirements related to a federal grant that cannot be addressed with other
State funds, or for which the Director of the Budget provides an exception,
in the Director's sole discretion. This requirement shall apply regardless of
the source of funding for affected positions."

SECTION 2.4.(a) G.S. 1E-2 reads as rewritten:
"§ 1E-2. County services.
A county is not compelled to provide services on lands held in trust by the United States for
the Eastern Band of Cherokee Indians, except for public health or human services
traditionally provided by county agencies and not otherwise assumed by the Eastern Band of
Cherokee Indians, unless there is an agreement between the Eastern Band of Cherokee Indians
and the county describing each party's responsibilities and any compensation for services
provided. The agreement must be approved by the Tribal Council of the Eastern
Band of Cherokee Indians and signed by the Principal Chief of the Eastern Band of Cherokee
Indians on behalf of the Eastern Band of Cherokee Indians and must be signed by the chair of
the board of county commissioners on behalf of the county manager or delegated
department head. The agreement may be effective for a definite period of time or an indefinite
period of time, as specified in the agreement."

SECTION 2.4.(b) This section becomes effective August 1, 2016.

PART III. INFORMATION TECHNOLOGY

SECTION 3.1. If House Bill 1030, 2015 Regular Session, becomes law, then
Section 7.7(a) of that act reads as rewritten:
"SECTION 7.7.(a) The Department of Information Technology shall create a
cybersecurity apprenticeship program to provide training, apprenticeships, and career-based
opportunities for disabled veterans within the State. Opportunities may be offered to qualifying
veterans who have at least a ten percent (10%) disability rating as established by the United
States Department of Veterans Administration Affairs."

SECTION 3.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then,
notwithstanding any provision of that act to the contrary, a total of four FTE vacant positions
are eliminated within the Department of Information Technology IT Fund, and the operating
expenses in the Strategic Staffing and Projects area within the Department of Information
Technology are reduced by one hundred eleven thousand two hundred sixty dollars ($111,260)
in recurring funds.
SECTION 3.2.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, a total of three and one-half FTE vacant positions are eliminated within the Department of Information Technology IT Reserve, and the operating expenses in the IT Restructuring Fund within the Department of Information Technology are reduced by one hundred twenty-six thousand seven hundred eighty-three dollars ($126,783) in recurring funds.

PART IV. EDUCATION

SECTION 4.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 10.8 of that act reads as rewritten:

"CERTAIN COMMUNITY COLLEGE PROJECT FUNDS

"SECTION 10.8. The funds appropriated to the North Carolina Community Colleges System Office by this act for the 2016-2017 fiscal year for (i) the Center for Advanced Manufacturing at Gaston Community College and (ii) Mitchell Community College site development shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 4.1.(b) Notwithstanding any other provision of law, if House Bill 1030, 2015 Regular Session, becomes law, the sum of three million four hundred thousand dollars ($3,400,000) appropriated by that act to the North Carolina Community Colleges System Office for the 2016-2017 fiscal year to be allocated to the Gaston Community College Center for Advanced Manufacturing shall be allocated to the Gaston College Center for Advanced Manufacturing.

SECTION 4.2. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for marketing the NC Promise Tuition "Buy Down" Program at Elizabeth City State University shall be allocated to Budget Code 16010 rather than Budget Code 16086.

SECTION 4.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 11.9 of S.L. 2015-241, as amended by Section 11A.4 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"SECTION 11.9.(a) Purpose. – The purpose of this section is to establish a competitive grant program for eligible entities to elevate educators in North Carolina public schools by transforming the preparation of principals across the State. The State Education Assistance Authority (Authority) shall administer this grant program through a cooperative agreement with a private, nonprofit corporation to provide funds for the preparation and support of highly effective future school principals in North Carolina.

..."

"SECTION 11.9.(j) Reporting Requirements for Grant Recipients. – Recipients of grants under the program shall submit an annual report to the nonprofit corporation contracting with the Authority, beginning in the third year of the grant, with any information requested by the nonprofit corporation. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The nonprofit corporation shall work with recipients and local school administrative units, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

(1) Student achievement in eligible schools.
(2) The percentage of program completers who are placed as school leaders within three years in the State.

..."
(3) The percentage of program completers rated proficient or above on school leader evaluation and support systems.

(4) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

"SECTION 11.9.(l) Evaluation and Revision of Program. – The nonprofit corporation administering the program shall provide the State Board of Education and the Joint Legislative Education Oversight Committee with the data collected in accordance with subsection (j) of this section on an annual basis. By September 15, 2021, the State Board of Education, in coordination with the Board of Governors of The University of North Carolina, shall revise, as necessary, the licensure requirements for school administrators and the standards for approval of school administrator preparation programs after evaluating the data collected from the grant recipients, including the criteria used in selecting grant recipients and the outcomes of program completers. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by November 15, 2021, on any changes made to the licensure requirements for school administrators and the standards for approval of school administrator preparation programs in accordance with this section.

"SECTION 11.9.(m) Of the funds appropriated each by this act for the 2015-2016 fiscal year for this program, the sum of five hundred thousand dollars ($500,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program. The State Education Assistance Authority may use up to five percent (5%) of those funds each fiscal year for administrative costs.

"SECTION 11.9.(n) Beginning with the 2016-2017 fiscal year, of the funds appropriated for this program, the sum of five hundred thousand dollars ($500,000) shall be allocated each fiscal year to the State Education Assistance Authority to award grants to selected recipients. Beginning with the 2016-2017 fiscal year and for each subsequent fiscal year, of the funds appropriated for this program, the sum of three hundred thousand dollars ($300,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program, and the State Education Assistance Authority may use up to five percent (5%) of those funds for administrative costs. The remaining funds appropriated for a fiscal year for this program shall be allocated to the State Education Assistance Authority to award grants to selected recipients."

SECTION 4.4. If House Bill 1030, 2015 Regular Session, becomes law, then Section 10.14(c) of S.L. 2015-241, as amended by Section 10.2 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"SECTION 10.14.(c) The funds appropriated under this act to the Community Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC Works Career Coach Program shall only be used for (i) salary and benefits for career coaches, and (ii) up to two percent (2%) of the funds appropriated for the program may also be used for direct operating costs related to supporting NC Works Career Coaches."

SECTION 4.5. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 116-239.11(a)(1), as enacted by Section 11.6 of that act, reads as rewritten:

"(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the school is located for each child attending the lab school, except for the allocation for children with disabilities, for the allocation for children with limited English proficiency, and for the allocation for transportation services."

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PART V. HEALTH AND HUMAN SERVICES

SECTION 5.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12A.8(c) of that act reads as rewritten:

"SECTION 12A.8(c) Calculation of Initial Payment of Funds. – Following CMS approval of the reclassification of Cape Fear Valley Medical Center to a rural hospital and notwithstanding subsection (a) of this section, the Center shall provide documentation to OSBM of its actual lost Medicare payments for the period commencing from the application filing date, as defined in 42 C.F.R. 412.103(b)(5), and ending on the date CMS approves the Center's reclassification request. OSBM shall certify computations of the Center's actual lost Medicare payments and apply the calculations specified in subsection (a) of this section to determine any retroactive amounts due to Cape Fear Valley Medical Center under this section. Any retroactive payment determined to be due to Cape Fear Valley Medical Center shall be paid to the Center within 30 days after OSBM certifies the amount of any retroactive amounts due to the Center under this section."

SECTION 5.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 12H.18 of that act reads as rewritten:

"CRITICAL MEDICAID POSITIONS

"SECTION 12H.18. Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of one million one hundred fifty thousand dollars ($1,150,000) shall be transferred to the Division of Health Benefits to be used to fund critical positions in that Division."

SECTION 5.2.(b) Notwithstanding any other provision of law, if House Bill 1030, 2015 Regular Session, becomes law, the sum of one million one hundred fifty thousand dollars ($1,150,000) appropriated by that act to the Department of Health and Human Services, Division of Medical Assistance, for the 2016-2017 fiscal year to be transferred to the Division of Health Benefits shall not be transferred to the Division of Health Benefits but shall be used to fund critical positions in the Division of Medical Assistance.

SECTION 5.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12C.7(e) of that act reads as rewritten:

"SECTION 12C.7(e) By no later than April 1, 2017, the DSS Department of Health and Human Services shall submit to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division a detailed plan for a long-term solution on how to ensure adequate reimbursement to facilities for serving recipients of State-County Special Assistance without increasing the Medicaid eligibility income limit for State-County Special Assistance recipients and thereby expanding Medicaid."

SECTION 5.4. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12B.4(a) of that act reads as rewritten:

"SECTION 12B.4(a) As the objective of the NC Pre-K program is to provide high-quality educational experiences to enhance school readiness for eligible four-year-olds, the Department of Health and Human Services, Division of Child Development and Early Education, in consultation with the Department of Public Instruction, shall study the costs and effectiveness associated with funding slots for the NC Pre-K program. In conducting the study, the Division shall review and determine the following:

1. The total cost to fund a NC Pre-K slot, including administration and any local costs.
2. The program's anticipated effectiveness in preparing eligible four-year-olds in the five developmental domains outlined in the North Carolina Foundations for Early Learning and Development.
3. Whether the program's effectiveness as reviewed pursuant to subdivision (2) of this subsection justifies the costs associated with funding NC Pre-K slots or whether there are other alternatives to achieve the same objectives."
(4) The State share needed to fund a NC Pre-K slot by each setting, including public schools, child care facilities, and Head Start.

(5) The amount of funds needed to maintain the current number of NC Pre-K slots if the per slot cost was increased to the amount recommended by the study.

(6) Recommendations on how often the NC Pre-K slot costs should be evaluated and reported to the General Assembly.

(7) Any other relevant issues the Division deems appropriate."

SECTION 5.5. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12H.3A(a) of that act reads as rewritten:

"SECTION 12H.3A.(a) No later than October 1, 2016, December 31, 2016, the Department of Health and Human Services, Division of Medical Assistance, shall issue a request for proposals (RFP) to recover Medicaid and NC Health Choice overpayments to providers when the total amount owed to the State by the provider is less than one hundred fifty dollars ($150.00). The RFP shall specify that payment under the contract shall be made only in the form of a contingent fee. The contingent fee shall be set at a percentage of the State share of the final overpayment, as defined in G.S. 108C-2(5), that is recovered."

SECTION 5.6. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of that act, nonrecurring funds in the amount of fifty thousand dollars ($50,000) for the 2016-2017 fiscal year shall be appropriated to Fund Code 1161 for the Public Health Authority of Cabarrus County instead of the Public Health Alliance of Cabarrus County.

SECTION 5.7. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12G.4(b) of that act reads as rewritten:

"SECTION 12G.4.(b) Notwithstanding subsection (a) of this section or any other provision of law to the contrary, each party to a cooperative agreement for which a certificate of public advantage was issued prior to September 30, 2016, shall submit a final report to the Department of Health and Human Services and the Attorney General on its activities pursuant to the cooperative agreement through September 30, 2017, by December 30, 2017. The final report shall include at least all of the following:

(1) A description of the activities conducted pursuant to the agreement.
(2) Price and cost information.
(3) The nature and scope of its activities pursuant to the agreement through September 30, 2017, the date the agreement expires and the likely effect of those activities.
(4) A summary of activities and any market impact from the date the agreement expires through September 30, 2017.
(5) Any additional information requested by the Department or the Attorney General."

SECTION 5.8. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 143B-139.6A reads as rewritten:

"§ 143B-139.6A. Secretary's responsibilities regarding availability of early intervention services.

The Secretary of the Department of Health and Human Services shall ensure, in cooperation with other appropriate agencies, that all types of early intervention services specified in the "Individuals with Disabilities Education Act" (IDEA), P.L. 102-119, the federal early intervention legislation, are available to all eligible infants and toddlers and their families to the extent funded by the General Assembly.

The Secretary shall coordinate and facilitate the development and administration of the early intervention system for eligible infants and toddlers and shall assign among the cooperating agencies the responsibility, including financial responsibility, for services. The Secretary shall be advised by the Interagency Coordinating Council for Children from Birth to Five with Disabilities and Their Families, established by G.S. 143B-179.5, and may enter into
formal interagency agreements to establish the collaborative relationships with the Department of Public Instruction, other appropriate agencies, and other public and private service providers necessary to administer the system and deliver the services.

As part of the permission to refer parents to services under the early intervention system for eligible infants and toddlers, the Secretary shall include the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf as agencies included on any permission to refer release form provided to parents for contact regarding services.

The Secretary shall adopt rules to implement the early intervention system, in consultation with all other appropriate agencies.”

SECTION 5.9. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12A.8(b) of S.L. 2015-241, as amended by Section 12A.5 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"SECTION 12A.8(b) The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

... 
(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

... 

n. A Effective beginning the 2017-2018 fiscal year, a program that provides year-round sports training and athletic competition for children and adults with disabilities.

..."  

SECTION 5.10. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12E.2(g) of that act is repealed.

PART VI. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 6.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 13-202.1(f), as enacted by Section 14.11(b) of that act, reads as rewritten:

"(f) Amendments of shellfish cultivation leases to authorize use of the water column may be transferred only with the superincumbent bottom lease for the remainder of the term of the amendment at the same rental rate and term as set forth in subsection (d) of this section and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k)."

SECTION 6.1.(b) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 13-202.2(f), as enacted by Section 14.11(c) of that act, reads as rewritten:

"(f) Water column leases to perpetual franchises may be transferred only with the superincumbent perpetual franchise for the remainder of the term of the lease at the same rental rate and term as set forth in subsection (d) of this section and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k)."

SECTION 6.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the revised net appropriation for all programs in the Rural Economic Development Division for the 2016-2017 fiscal year shall be twenty-three million eight hundred fifty-seven thousand nine hundred seventy-three dollars ($23,857,973).

SECTION 6.2.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the three hundred thirty-six thousand dollars ($336,000) in recurring funds for Community Planners for Prosperity Zones for the 2016-2017 fiscal year shall be allocated to Fund Code 1620 instead of Fund Code 1534.

SECTION 6.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 13.4(a) of that act reads as rewritten:

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"SECTION 13.4.(a) Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred fifty thousand dollars ($250,000) for the 2016-2017 fiscal year shall be used to create a program to reimburse small food retailers for expenditures related to enhancing access to healthy foods in areas that qualify as food desert zones according to the Economic Research Service of the United States Department of Agriculture. For the purposes of this section, a small food retailer is defined as a business that is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of no more than 3,000 heated square feet that sells a limited selection of foods and other products. Funds may be used to reimburse small food retailers for the purchase and installation of refrigeration equipment, display shelving, and other equipment necessary for stocking nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products, lean meats, and seafood. The Department may retain up to ten percent (10%) of the funds allocated pursuant to this section for administrative costs associated with the healthy food small retailer program."

SECTION 6.4. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, funds appropriated to the Department of Natural and Cultural Resources for advanced planning of a new visitor center at Fort Fisher State Park shall be transferred to a Capital Code by the Department.

SECTION 6.5.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the Department of Commerce for the purpose of contracting with the Economic Development Partnership of North Carolina are reduced by an additional sixty-five thousand four hundred thirty-seven dollars ($65,437) in recurring funds for the 2016-2017 fiscal year. The revised net appropriation for the Department of Commerce shall be twenty million two hundred fifty-five thousand four hundred eleven dollars ($20,255,411).

SECTION 6.5.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the Department of Natural and Cultural Resources are increased by sixty-five thousand four hundred thirty-seven dollars ($65,437) in recurring funds for the 2016-2017 fiscal year to be used to support a distance learning coordinator position at the North Carolina Museum of History. The revised net appropriation for the Department of Natural and Cultural Resources shall be fourteen million seven hundred eighty-four thousand one hundred twenty-four dollars ($14,784,124).

SECTION 6.6. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the seventy-five thousand dollars ($75,000) in nonrecurring funding to supplement the Forest Development Fund shall be allocated to Fund Code 1990 instead of Fund Code 1510.

PART VII. JUSTICE AND PUBLIC SAFETY

SECTION 7.1. If House Bill 1030, 2015 Regular Session, becomes law, then of the funds appropriated in that act to the Office of Indigent Defense Services for the 2016-2017 fiscal year for private assigned counsel, the sum of one hundred thousand dollars ($100,000) shall be allocated to the North Carolina State Bar for use by Pisgah Legal Services.

SECTION 7.2. If House Bill 1030, 2015 Regular Session, becomes law, the Department of Public Safety shall not eliminate position number 60070228. The Department shall instead identify another vacant position at the same salary level to eliminate in Fund Code 1100-Division of Administration.

SECTION 7.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 8.26(n) of S.L. 2015-241 reads as rewritten:

"SECTION 8.26(n) By July 1, 2016, July 1, 2018, the Department of Public Safety shall implement an anonymous safety tip line application and a statewide panic alarm system as required under G.S. 115C-105.51, as amended by subsection (d) of this section."
SECTION 7.4. If House Bill 1030, 2015 Regular Session, becomes law, then the funds appropriated in that act to the Department of Public Safety for renovation of the National Guard Tarheel Challenge Academy gym on the Salemburg campus shall be transferred to a capital code and used for the construction of a new multipurpose facility.

PART VIII. GENERAL GOVERNMENT

SECTION 8.1. If House Bill 1030, 2015 Regular Session, becomes law, then of the funds appropriated in that act to the State Emergency Response and Disaster Relief Fund (Budget Code 19930), the sum of five hundred thousand dollars ($500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be transferred to the Governor's Office (Account Code 13000) to be used to fund costs incurred from litigation related to S.L. 2016-3.

SECTION 8.2. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act or of the Committee Report described in Section 39.2 of that act to the contrary, funds appropriated in that act for the Community Living Housing Fund are appropriated from Budget Code 63011 rather than Budget Code 13010.

SECTION 8.3.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 32.5(j) of that act reads as rewritten:

"SECTION 32.5.(j) The responsibilities for the North Carolina Youth Legislative Assembly are transferred from the Department of Administration to the North Carolina General Assembly's Legislative Services Commission. The following position is transferred to Budget Code 11000: Administrative Officer II, Position Number 60014065. All budget salary and benefits in the amount of sixty-one thousand two hundred seventy-nine dollars ($61,279) are transferred in a Type II transfer from the Department of Administration to the General Assembly. Additionally, the budget associated with operations for the Youth Legislative Assembly and the North Carolina Youth Legislative Assembly Fund, enacted by subsection (k) of this section, are transferred as a Type II transfer from the Department of Administration to the General Assembly. The Administrative Officer II position will report directly to the Legislative Services Officer. The Youth Legislative Assembly will work collaboratively with existing resources within the General Assembly, including the Senate and House Page programs, to execute activities of the Youth Legislative Assembly."

SECTION 8.3.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, effective July 1, 2016, Administrative Officer II, Position Number 60014065, and budgeted benefits are transferred from the Department of Administration to the General Assembly.

SECTION 8.4.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, funds in Budget Code 23900 in the 2016-2017 fiscal year, shall be used to continue the transfer of a portion of vehicle inspection fee proceeds from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to local rescue organizations. The revised net appropriation for the Volunteer Rescue/EMS Program is one million four hundred fifty-six thousand nine hundred thirty-one dollars ($1,456,931).

SECTION 8.4.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, funds in Budget Code 23901 in the 2016-2017 fiscal year, shall be used to restore the recurring transfer of a portion of vehicle inspection fee proceeds from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to eligible beneficiaries. The revised net appropriation for the Rescue Squad Workers' Relief Fund is nine hundred fifty-seven thousand three hundred fifty-two dollars ($957,352).

PART IX. SALARIES AND BENEFITS

SECTION 9.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 36.10 of that act is amended by adding the following new subsections to read:

"SECTION 36.10.(e) Of the funds appropriated to the Community Colleges System Office in this act for restoring the management flexibility reduction up to six million fifty-one..."
thousand seven hundred twenty-two dollars ($6,051,722) may be used for the restoration of management flexibility cuts, compensation increases, or both.

"SECTION 36.10.(f) It is the intent of the General Assembly to provide additional recurring funds during the 2017-2018 fiscal year to the Community Colleges System Office for compensation increases."

PART X. CAPITAL

SECTION 10.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 142-15.17, as enacted by Section 37.8(a) of that act, reads as rewritten:

"§ 142-15.17. No State-supported financing of certain assets without approval of the General Assembly.

No State entity shall enter into any State-supported financing arrangement with respect to the acquisition of a capital asset having a value of five million dollars ($5,000,000) or more, unless the General Assembly has enacted legislation expressly approving (i) the acquisition, project, or undertaking to be financed and (ii) the use of the State-supported financing arrangement. The legislation required by this section may be in the form of either an act that refers to the specific asset or project and the manner of financing or an act that identifies a type of asset or project and a maximum amount that may be financed or incurred for that type of asset or project. Examples of references to a specific asset or project include guaranteed energy savings contracts or energy conservation conservation measures of a type described in Article 3B of Chapter 143 of the General Statutes or repairs and renovations of State-owned buildings."

SECTION 10.1.(b) This section is effective when it becomes law.

SECTION 10.2.(a) Notwithstanding any other provision of law, the Department of Administration may lease to a third party the roughly 1.7 acre Personnel Training Center property located on Peace Street in Wake County.

SECTION 10.2.(b) A lease made pursuant to subsection (a) of this section shall be in accordance with the following:

(1) The lease term may exceed 30 years but shall not exceed 99 years.
(2) The lease shall be for fair market value.
(3) The lease shall include a lease of up to 200 of the parking spaces in Deck 64 in Wake County.
(4) Except as provided in this section, the lease shall in all other respects accord with Article 7 of Chapter 146 of the General Statutes.

SECTION 10.2.(c) Exemptions from Certain Statutes. – The following statutes shall not apply to the lease authorized by this section:

(1) G.S. 66-58.
(2) G.S. 146-29(b), as enacted by Section 37.7 of House Bill 1030, 2015 Regular Session, if that bill becomes law.

PART XI. FINANCE

SECTION 11.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 38.2(f) of that act reads as rewritten:

"SECTION 38.2.(f) Subsection (a) of this section is effective when it becomes law and applies retroactively to purchases made on or after July 1, 2013. Subsections (b) and (c) of this section become effective July 1, 2016, and apply to sales purchases made on or after that date. The remainder of this section is effective when it becomes law."

SECTION 11.2. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(d)(2), as enacted by Section 38.5(g) of that act, reads as rewritten:

"(2) If the price of the taxable repair, maintenance, and installation services included in the contract is equal to or greater than ten percent (10%) of the contract price, then sales and use tax applies to the taxable repair, maintenance, and installation services portion of the contract. The person
must determine an allocated price for each taxable repair, maintenance, and installation service in the contract based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business. Any purchase of tangible personal property, digital property, or services to fulfill the real property contract are taxed in accordance with this section."

SECTION 11.3.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-187.51B(a)(6) and (7), as enacted by Section 38.2(b) of that act, read as rewritten:

"(6) A person other than a person subject to tax under subdivision (1) of this subsection that gathers and obtains ferrous metals, nonferrous metals, and items that have served their original economic purpose and that converts them by processes, including sorting, cutting, classifying, cleaning, baling, wrapping, shredding, or shearing into a new or different product for sale consisting of prepared grades for the purchase of that purchased equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:

a. Is capitalized by the person for tax purposes under the Code.

b. Is used by the person in a conversion process described in this subdivision.

c. Is not a motor vehicle or an attachment or repair part for a motor vehicle.

(7) A company primarily engaged at the establishment in processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase for the purchase of equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:

a. Is capitalized by the company for tax purposes under the Code.

b. Is used by the company in the process described in this subdivision."

SECTION 11.3.(b) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(e)(1)f., as enacted by Section 38.5(g) of that act, reads as rewritten:

"f. Replacement or installation of a roofing, septic tank, plumbing, electrical, commercial refrigeration, irrigation, sprinkler system, or other similar system."

SECTION 11.3.(c) Subsection (a) of this section becomes effective July 1, 2016, and applies to purchases made on or after that date. Subsection (b) of this section becomes effective January 1, 2017, and applies to sales made on or after that date. The remainder of this section is effective when it becomes law.

SECTION 11.4.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(e)(1)d., as enacted by Section 38.5(g) of that act, reads as rewritten:

"d. Installation of equipment or fixture that is attached to real property so that removal of the item would cause physical, functional, or economic damage to the property and that is capitalized for income tax purposes under one or more of the following: the Code, Generally Accepted Accounting Principles, or International Financial Reporting Standards."

SECTION 11.4.(b) This section becomes effective January 1, 2017.

SECTION 11.5. If House Bill 1030, 2015 Regular Session, becomes law, then the introductory language of Section 38.5(g) of that act reads as rewritten:

"SECTION 38.5(g) G.S. 105-164.4H, as amended by S.L. 2016-5 and by Section 1 of this act, subsection (c) of this section, reads as rewritten:"
PART XI-A. TRANSPORTATION

SECTION 11A.1. Notwithstanding G.S. 136-27.1 and any other provision of law to the contrary, the Department of Transportation shall pay seventy-five percent (75%) of the nonbetterment costs for the relocation under Project U-2211B of water and sewer lines owned by the City of Lenoir. Notwithstanding any provision of Article 14B of Chapter 136 of the General Statutes to the contrary, the Department shall pay the costs required under this section from Fund Code 9075 in the Highway Trust Fund.

PART XII. EFFECTIVE DATE

SECTION 12.1. Section 1 of this act becomes effective October 1, 2016. Except as otherwise provided, the remainder of this act becomes effective July 1, 2016.

In the General Assembly read three times and ratified this the 1st day of July, 2016.

This bill having been presented to the Governor for signature on the 1st day of July, 2016 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 1st day of August, 2016.
VETOES OF GOVERNOR PAT McCORKY

G.S. 120-34(a) provides that "In any case where the Governor has returned a bill to the General Assembly with objections, those objections shall be printed verbatim in the Session Laws, regardless of whether or not the bill became law notwithstanding the objections."

<table>
<thead>
<tr>
<th>Bill Number</th>
<th>Title of Bill</th>
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<tbody>
<tr>
<td>SENATE BILL 71</td>
<td>AN ACT TO (1) REQUIRE A COAL COMBUSTION RESIDUALS IMPOUNDMENT OWNER TO PROVIDE PERMANENT ALTERNATIVE WATER SUPPLIES FOR RESIDENTS IN AREAS SURROUNDING COAL COMBUSTION RESIDUALS SURFACE IMPOUNDMENTS; (2) EXTEND THE PERIOD FOR PUBLIC COMMENT AND REVIEW OF PROPOSED RISK CLASSIFICATIONS FOR COAL COMBUSTION RESIDUALS SURFACE IMPOUNDMENTS; AND (3) MODIFY APPOINTMENTS TO THE COAL ASH MANAGEMENT COMMISSION, THE MINING COMMISSION, AND THE OIL AND GAS COMMISSION, IN ACCORD WITH THE HOLDING OF MCCORKY V. BERGER</td>
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June 6, 2016

Governor’s Objections and Veto Message

Senate Bill 71 is not good for the environment or for the rule of law in North Carolina. This bill weakens environmental protections, delays water connections for well owners, ignores dam safety and hinders environmentally sound efforts to reuse coal ash. This bill also lacks a firm deadline to connect well owners to alternate water supplies. In contrast, my administration proposed a solution that would have provided water connections within 18 months and required Duke Energy to repair dams around its coal ash ponds.

Furthermore, Senate Bill 71 yet again violates the separation of powers by interfering with a Governor’s constitutional duty to faithfully execute the laws. It does this by re-establishing unaccountable bureaucracies within the cabinet agencies that have the power to make or overrule executive decisions. This legislation completely disregards a decisive 6-1 North Carolina Supreme Court ruling that came a mere four months ago. The re-established Coal Ash, Mining, and Oil & Gas Commissions have the same lack of supervision and extremely limited removal authority that the Supreme Court objected to in McCrory v. Berger. This bill further limits appointment authority by requiring the General Assembly to approve executive appointments by confirmation.

In addition, this legislation imposes unrealistic deadlines to make appointments to the Mining and Oil & Gas Commissions. If an appointment is not made, the General Assembly gives gubernatorial appointments to the Lieutenant Governor, who is also the President of the Senate, despite the fact that these commissions are located in the Governor’s cabinet. The Supreme Court was clear that it is the Governor who must have control over entities within the cabinet agencies.

As Governor, I have a duty to protect the environment and preserve the constitutional role of the executive branch, therefore, I veto Senate Bill 71.

Pat McCrory
Governor of the State of North Carolina

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WWW.GOVERNOR.STATE.NC.US
Resolution 2016-1  H.J.R. 3

A JOINT RESOLUTION PROVIDING FOR ADJOURNMENT SINE DIE OF THE 2016 EXTRA SESSION.

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. When the House of Representatives and the Senate, constituting the 2016 Extra Session of the General Assembly, do adjourn on Friday, February 19, 2016, they stand adjourned sine die.

SECTION 2. This resolution is effective upon ratification.
In the General Assembly read three times and ratified this the 19th day of February, 2016.
Resolution 2016-2  H.J.R. 3

A JOINT RESOLUTION PROVIDING FOR ADJOURNMENT SINE DIE OF THE 2016 SECOND EXTRA SESSION.

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. When the House of Representatives and the Senate, constituting the 2016 Second Extra Session of the General Assembly, do adjourn on Wednesday, March 23, 2016, they stand adjourned sine die.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 23rd day of March, 2016.
RESOLUTIONS
OF THE
STATE OF NORTH CAROLINA

REGULAR SESSION 2016

Resolution 2016-3

A JOINT RESOLUTION TO CONFIRM THE GOVERNOR'S REAPPOINTMENT OF DR. LINDA MORRISON COMBS TO THE OFFICE OF STATE CONTROLLER.

Whereas, under the provisions of G.S. 143B-426.37, the appointment by the Governor of a person to the Office of State Controller is subject to confirmation by the General Assembly; and

Whereas, the term of the current State Controller, Dr. Linda Morrison Combs, shall expire on June 30, 2015; and

Whereas, the Governor wishes to reappoint Dr. Linda Morrison Combs to the Office of State Controller to serve until June 30, 2022; and

Whereas, the Governor has submitted the name of Dr. Linda Morrison Combs to the Speaker of the House of Representatives and the President of the Senate by May 1, as required by G.S. 143B-426.37; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The Governor's reappointment of Dr. Linda Morrison Combs to the Office of State Controller for a term beginning on July 1, 2015, and expiring on June 30, 2022, is confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 28th day of April, 2016.

Resolution 2016-4

A JOINT RESOLUTION CONFIRMING THE APPOINTMENT OF ROBERT L. SCHURMEIER, JR., AS DIRECTOR OF THE STATE BUREAU OF INVESTIGATION.

Whereas, under the provisions of G.S. 143B-926, the appointment made by the Governor of the Director of the State Bureau of Investigation is subject to confirmation by the General Assembly; and

Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the name of his appointee, Robert L. Schurmeier, Jr., as Director of the State Bureau of Investigation; Now, therefore,
Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The General Assembly confirms the appointment of Robert L. Schurmeier, Jr., of Iredell County, as Director of the State Bureau of Investigation, for a term beginning on the effective date of this resolution and expiring June 30, 2023.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 5th day of May, 2016.

Resolution 2016-5

A JOINT RESOLUTION PROVIDING FOR THE CONFIRMATION OF THE APPOINTMENT OF LYONS GRAY TO THE UTILITIES COMMISSION.

Whereas, under the provisions of G.S. 62-10, appointments made by the Governor to membership on the North Carolina Utilities Commission are subject to confirmation by the General Assembly by joint resolution; and

Whereas, a vacancy has occurred on the North Carolina Utilities Commission due to the expiration of the term of Susan Warren Rabon; and

Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the appointment of Lyons Gray to serve on the North Carolina Utilities Commission; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The appointment of Lyons Gray to the North Carolina Utilities Commission for a term that expires on June 30, 2021, is confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 11th day of May, 2016.

Resolution 2016-6

A JOINT RESOLUTION TO CONFIRM THE APPOINTMENT OF CHRISTOPHER LOUTIT TO THE NORTH CAROLINA INDUSTRIAL COMMISSION.

Whereas, G.S. 97-77(a1) provides that appointments by the Governor to the North Carolina Industrial Commission are subject to confirmation by the General Assembly; and

Whereas, a vacancy has occurred on the North Carolina Industrial Commission due to the expiration of the term of Danny Lee McDonald; and

Whereas, the Governor has appointed Christopher Loutit to the North Carolina Industrial Commission; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The appointment of Christopher Loutit to a term on the North Carolina Industrial Commission that expires on April 30, 2021, is confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 11th day of May, 2016.

Resolution 2016-7

A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF EARLINE W. PARMON, FORMER MEMBER OF THE GENERAL ASSEMBLY.

Whereas, Earline W. Parmon was born on November 18, 1943, in Buffalo, New York, to James and Margaret White Cathcart; and
Whereas, Earline W. Parmon graduated from Anderson High School in Winston-Salem in 1961 and earned a B.S. degree in Business Administration from Winston-Salem State University in 1977; and

Whereas, Earline W. Parmon served her country as a member of the U.S. Army Reserves, 508 Support Battalion, from 1977 through 1981; and

Whereas, Earline W. Parmon worked as an education consultant; in 1982, she founded LIFT (Learning Is Fun Too) Learning Center and Academy to help at-risk students succeed and served as the Academy's Executive Director until 2001; and

Whereas, Earline W. Parmon was active in the civic affairs of her community, serving as the first African-American Chair of the Forsyth County Democratic Party and as a member of the Board of Directors of the Forsyth County Library and the Board of Trustees of Forsyth Memorial Hospital; and

Whereas, Earline W. Parmon served as a member of the Forsyth County Board of Commissioners from 1990 to 2002 and as a member of the Board of Directors of both the National Association of Black County Officials and the North Carolina Association of County Commissioners; and

Whereas, Earline W. Parmon served with honor and distinction as a member of the North Carolina General Assembly, serving five terms in the House of Representatives between 2003 and 2012 and one term as a member of the Senate between 2013 and 2014; and

Whereas, during her tenure in the General Assembly, Earline W. Parmon worked tirelessly for her constituents and the people of this State on many matters, including racial justice, equality, education, and justice for eugenics survivors; and

Whereas, Earline W. Parmon sponsored numerous bills that were enacted, including bills to strengthen domestic violence protections, voter registration, voting at one-stop sites, and many others. In 2007, she was the primary sponsor of legislation that established the Silver Alert System, where a public alert could be issued when a person with dementia, and especially a senior citizen, is reported missing. In 2008, 128 Silver Alerts were issued in North Carolina; of that number, 118 citizens were safely recovered; and

Whereas, Earline W. Parmon's devotion to educational issues was embodied in her work and leadership as chair and cochair of a number of Education Committees and study commissions. Most notably as cochair of the Legislative Commission on Dropout Prevention and High School Graduation, thousands of students across the State of North Carolina benefitted through funding awarded from 2007 through 2009 totaling in excess of $48 million. The 2010 evaluation report to the General Assembly describes the exemplary programs that emerged through this bipartisan effort and the significant number of youths that were served throughout the State of North Carolina; and

Whereas, Earline W. Parmon also made significant contributions as a member of other legislative committees, including Appropriations, Ethics, Government, and Redistricting; and

Whereas, Earline W. Parmon served on the National Conference of State Legislators’ Education Committee and Task Force on Dropout Prevention, served as Chaplain for the National Organization of Black Elected Legislative Women, and held several leadership roles for the National Black Caucus of State Legislators; and

Whereas, because of Earline W. Parmon’s vision and commitment to excellence in education, the Earline Parmon Scholarship Fund was officially established in 2008. It was her purposeful intent to effect change by helping to create an environment where all students would have access to the necessary resources to further their education. She believed that no student should ever have to worry about how they will pay for books or housing; and

Whereas, Earline W. Parmon received an honorary doctorate degree from Winston-Salem State University in 2010, as well as recognition from many other organizations, including the Outstanding Commissioner of the Year from the North Carolina Association of Black Commissioners in 2001; Shirley Chisholm Legacy Award from Union Chapel Baptist Church, Winston-Salem, in 2004; Outstanding Public Policy Award from the Winston-Salem
Alumnae Chapter of Delta Sigma Theta Sorority, Inc., in 2006; North Carolina Political Trailblazer Award from the North Carolina NAACP in 2009; Trailblazer Award from the Forsyth County Democratic Women in 2012; and the Bertha "B" Holt Legislative Courage and Leadership Award from Planned Parenthood of Central North Carolina in 2014; and 
Whereas, Earline W. Parmon was a member of Phi Omega Chapter of Alpha Kappa Alpha Sorority and a devoted member of Exodus Baptist Church, of which she was a founder and served as an Associate Minister; and 
Whereas, Earline W. Parmon was married to the late Albert Parmon for 47 years; and 
Whereas, Earline W. Parmon died on March 15, 2016, at the age of 72; and 
Whereas, Earline W. Parmon is survived by her children, Elaine King, Grady Parmon, Tracy Ingram, Angela Milton, and Morticia Killian; nine grandchildren; and 14 great-grandchildren; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly honors the memory of Earline W. Parmon and expresses its appreciation for the service she rendered her community, State, and nation. 

SECTION 2. The General Assembly extends its deepest sympathy to the family of Earline W. Parmon for the loss of a devoted family member. 

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of Earline W. Parmon. 

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 25th day of May, 2016.

Resolution 2016-8  H.J.R. 1141

A JOINT RESOLUTION HONORING OUR SERVICE MEMBERS DURING THE OBSERVANCE OF MEMORIAL DAY.

Whereas, on May 5, 1868, General John Logan, national commander of the Grand Army of the Republic, designated May 30, 1868, as Decoration Day “for the purpose of …decorating the graves of comrades who died in defense of their country”; and 

Whereas, over the next few years, various local observances were held in towns throughout the nation; and 

Whereas, after World War I, Decoration Day was expanded to honor service members killed in all of our nation’s wars, and, after World War II, Decoration Day became known as Memorial Day; and 

Whereas, in 1968, Congress established Memorial Day as a federal holiday to be observed on the last Monday of May beginning in 1971; and 

Whereas, according to the U.S. Department of Veterans Affairs, between 1775 and 1991 more than 41,892,120 men and women served in the United States military during times of war, of which over 1,190,000 died during their service; and 

Whereas, as we observe Memorial Day in 2016, it is important to reflect upon the contributions and selfless sacrifices the men and women of our military have made in upholding the principles of democracy and liberty while in service to our nation; and 

Whereas, it is especially fitting to honor and commend the North Carolinians, as well as the all men and women that served who were killed in the line of duty; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly expresses its profound gratitude and appreciation to all the men and women of the United States military for their selfless service. 

SECTION 2. The General Assembly wishes to honor the memory of all the veterans who have died since the last Memorial Day.

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SECTION 3. The General Assembly extends its deepest sympathy to the families of the service members who made the ultimate sacrifice to help secure the freedom of the United States. The people of the State of North Carolina owe a debt of gratitude to these brave service members and solemnly pledge that they shall never be forgotten.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 27th day of May, 2016.

Resolution 2016-9

A JOINT RESOLUTION CONFIRMING THE GOVERNOR'S REAPPOINTMENT OF RAYMOND E. GRACE TO THE OFFICE OF COMMISSIONER OF BANKS.

Whereas, G.S. 53C-2-2(a) directs the Governor to quadrennially appoint a Commissioner of Banks, subject to confirmation by the General Assembly by joint resolution; and

Whereas, the term of the current Commissioner of Banks, Raymond E. Grace, expired on March 31, 2015; and

Whereas, the Governor wishes to reappoint Raymond E. Grace to the office of Commissioner of Banks to serve until March 31, 2019; and

Whereas, the Governor has submitted the name of Raymond E. Grace to the General Assembly by February 1, 2015, as required by G.S. 53C-2-2(a); Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The Governor's reappointment of Raymond E. Grace to the office of Commissioner of Banks for a term beginning on April 1, 2015, and expiring on March 31, 2019, is confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 2nd day of June, 2016.

Resolution 2016-10

A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF LINDSAY CARTER WARREN, JR., FORMER MEMBER OF THE GENERAL ASSEMBLY.

Whereas, Lindsay Carter Warren, Jr., was born on October 8, 1924, in Washington, North Carolina, to Lindsay C. Warren, Sr., and Emily Harris Warren; and

Whereas, Lindsay Carter Warren, Jr., spent most of his childhood in North Carolina before moving with his family to Washington, DC; and

Whereas, Lindsay Carter Warren, Jr., graduated from Woodrow Wilson High School in Washington, DC in 1942 and earned a B.S. degree from the University of North Carolina at Chapel Hill in 1948; and

Whereas, Lindsay Carter Warren, Jr.’s, college education was interrupted when he enlisted in the United States Coast Guard after his freshman year; he went on to proudly serve his country as a member of the United States Coast Guard from 1942 through 1946, serving 18 months aboard the U.S.S. Wakefield in the Atlantic, Mediterranean, and Pacific theaters of operation during World War II; and

Whereas, Lindsay Carter Warren, Jr., was awarded a Juris Doctorate from the Law School at the University of North Carolina at Chapel Hill in 1951, during which time he served as an associate editor of the Law Review and was a member of the Order of the Coif and Phi Delta Phi; and

Whereas, Lindsay Carter Warren, Jr., practiced law with a firm in Goldsboro, North Carolina, mainly in the area of civil law, and had a law career that lasted over 50 years; and

Whereas, Lindsay Carter Warren, Jr., served his profession as a member of the North Carolina Bar Association and the American Bar Association; and
Whereas, Lindsay Carter Warren, Jr., was an active member of several civic organizations, including the Board of Directors of Wayne Memorial Hospital and the Goldsboro City Board of Education; America's Four Hundredth Anniversary Committee, as chair; and St. Andrews Presbyterian College Board of Trustees, as chair; and
Whereas, Lindsay Carter Warren, Jr., was a faithful alumnus of the University of North Carolina at Chapel Hill, serving as president of both the general and law school alumni associations and as a member of the Board of Visitors; and
Whereas, Lindsay Carter Warren, Jr., served with honor and distinction as a member of the State Senate during the 1963, 1965, 1967, and 1969 sessions of the General Assembly; and
Whereas, during his tenure in the General Assembly, Senator Warren served as chair or vice-chair of several standing committees and study committees, including the Committees on Courts and Judicial Districts and Appropriations; and
Whereas, Lindsay Carter Warren, Jr., served as chair of the North Carolina Courts Commission, vice-chair of the North Carolina Board of Higher Education, chair of the Governor's Study Commission on Structure and Organization of Higher Education, and as a member of the North Carolina Advisory Budget Commission; and
Whereas, Lindsay Carter Warren, Jr., received numerous honors and awards, including the John J. Parker Award for Conspicuous Service to the Cause of Jurisprudence from the North Carolina Bar Association; the University of North Carolina at Chapel Hill School of Law Award for Distinction Beyond Professional Excellence; the Distinguished Alumnus Award from the University of North Carolina at Chapel Hill; the Christopher Crittenden Memorial Award for Significant Contributions to the Preservation of North Carolina History; the North Carolina Society Award; and the Distinguished Citizen Award from the Tuscarora Council of the Boy Scouts of America; and
Whereas, Lindsay Carter Warren, Jr., was a devoted member of the First Presbyterian Church in Goldsboro, where he was Elder Emeritus; and
Whereas, Lindsay Carter Warren, Jr., was preceded in death by his first wife, Grace B. Warren; and
Whereas, Lindsay Carter Warren, Jr., died on April 11, 2016, at the age of 91; and
Whereas, Lindsay Carter Warren, Jr., is survived by his wife, Mary Todd Smith Warren; three daughters, Adrienne W. Northington, Emily W. McNair, and Grace W. Johnston; stepchildren, Robert P. MacKenzie, III, Mary Todd MacKenzie, and Julian J. MacKenzie; and 13 grandchildren; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly honors the memory of Lindsay Carter Warren, Jr., and expresses its appreciation for the service he rendered his community, State, and nation.

SECTION 2. The General Assembly extends its sympathy to the family of Lindsay Carter Warren, Jr., for the loss of a beloved family member.

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of Lindsay Carter Warren, Jr.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 8th day of June, 2016.

Resolution 2016-11

A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF JOHN HOSEA KERR, III, FORMER MEMBER OF THE GENERAL ASSEMBLY.

Whereas, John H. Kerr, III, was born on February 28, 1936, in Richmond, Virginia, to John H. Kerr, Jr. and Mary Hinton Duke Kerr; and
Whereas, John H Kerr, III, grew up in Warrenton, North Carolina, graduating from John Graham High School in 1954; and

Whereas, John H. Kerr, III, earned a bachelor's degree from the University of North Carolina at Chapel Hill in 1958, where he was a member of Phi Beta Kappa, and was awarded a juris doctorate, with honors, from the University's School of Law in 1961, where he was a member of the Law Review and Order of the Coif; and

Whereas, John H. Kerr, III, proudly served his country as a member of the North Carolina National Guard from 1954 to 1962, achieving the rank of sergeant; and

Whereas, after law school, John H. Kerr, III, and his wife, Sandra Moore Edgerton Kerr, moved to her hometown of Goldsboro, where he practiced law for over 50 years primarily in the areas of civil and corporate law and served in various leadership capacities for the bar associations in Wayne County, the Eighth Judicial District, and the State; and

Whereas, following a family tradition of public service, John H. Kerr, III, served with honor and distinction in the General Assembly, serving as a member of the House of Representatives from 1987 to 1992 and as a member of the Senate from 1993 to 2008; and

Whereas, while in the Senate, John H. Kerr, III, made significant contributions as cochair of the Finance and Revenue Laws Study Committees, vice-chair of the Select Committee on Homeland Security and Emergency Management and Military Affairs, and as a member of several committees, including Appropriations/Base Budget, Appropriations on Health and Human Services, Commerce, Judiciary II, Opportunities and Needs for Economic Growth in North Carolina, and Ways and Means; and

Whereas, John H. Kerr, III, was a member of the Jaycees and Rotary Club and served on many boards, including the Wayne County Public Library, Wayne Memorial Building, Mount Olive College Foundation, Boys and Girls Club of Wayne County, North Carolina National Bank, Southern National Bank, and Branch Banking and Trust; and

Whereas, John H. Kerr, III, received numerous awards and recognitions during his lifetime, including being named Boss of the Year by the Goldsboro Charter Chapter of the American Business Women in 1978, and receiving the Boy Scouts of America Distinguished Citizen Award in 2008 for noteworthy and extraordinary leadership in his community; and

Whereas, in his long and distinguished career, John H. Kerr, III, earned the respect and affection of his peers and colleagues for his courage and candor, vigor and determination, keen intellect, and the enthusiasm which he gave to all of his endeavors; and

Whereas, John H. Kerr, III, towered over many with his physical height, but never looked down on others; he worked to uplift and encourage people, and was especially proud to represent his district and spoke fondly of his constituents in Wayne County as he worked on issues in the General Assembly; and

Whereas, in his spare time, John H. Kerr, III, enjoyed spending time with his family, playing golf, hunting, and attending athletic events at the University of North Carolina at Chapel Hill; and

Whereas, John H. Kerr, III, was an active member of the Madison Avenue Baptist Church in Goldsboro; and

Whereas, John H. Kerr, III, died on May 24, 2015, after a distinguished life of public service; and

Whereas, John H. Kerr, III, is survived by his wife, Sandra Edgerton Kerr; two sons, John Hosea Kerr, IV, and James Yancey Kerr, II; four grandchildren: John Hosea Kerr, V, Isabel Sedwick Kerr, James Yancey Kerr, III, and Helen Edgerton Kerr; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly honors the memory of John H. Kerr, III, and expresses its appreciation for his long and distinguished career as a lawyer and legislator and for his civic and political leadership.
SECTION 2. The General Assembly of North Carolina extends its deep and sincere sympathy to the members of the family of John H. Kerr, III, for the loss of a beloved family member.

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of John H. Kerr, III.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 9th day of June, 2016.

Resolution 2016-12

A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF HENSON PERRYMOORE BARNES, FORMER PRESIDENT PRO TEMPORE OF THE SENATE.

Whereas, Henson P. Barnes was born on November 18, 1934, in Bladen County to Reverend Lalon L. Barnes and Mable Cumbee Barnes; and

Whereas, Henson P. Barnes was educated at Garland High School, Wilmington College, and the University of North Carolina at Chapel Hill, where he received a Bachelor of Arts degree in 1959 and a Juris Doctor degree in 1961; and

Whereas, Henson P. Barnes proudly served his country in the United States Army as a paratrooper from 1953 to 1956 and, for his distinguished service, received citations and letters of commendation from battalion, regimental, and divisional Commands; and

Whereas, Henson P. Barnes was a successful attorney and farmer; and

Whereas, Henson P. Barnes was a founding member of the Goldsboro law firm of Barnes, Braswell, Haithcock and Warren, now known as Haithcock, Barfield, Hulse and Kinsey; and

Whereas, Henson P. Barnes served on the North Carolina Energy Policy Council and the North Carolina Courts Commission, was active in many community, civic, and fraternal organizations, including the Masonic Order, Shriners, Elks, American Legion, Moose Lodge, Civitan Club, and was President of the Goldsboro Jaycees, National Trustee of Woodmen of the World, and Legal Advisor to the Goldsboro Rescue Squad; and

Whereas, Henson P. Barnes was active in professional and agricultural organizations, serving as a member of the Wayne County Bar Association, the North Carolina Bar Association, the North Carolina Academy of Trial Lawyers, the American Bar Association, and serving on the Board of Governors of the North Carolina Bar Association, Board of Directors of the North Carolina Blueberry Association, and Board of Directors of the North Carolina Grape Growers Association; and

Whereas, Henson P. Barnes served with honor and distinction as a member of the General Assembly in the House of Representatives from 1975 to 1976 and in the Senate from 1977 to 1992; and

Whereas, during his tenure in the General Assembly, Henson P. Barnes focused on such issues relating to the environment, education, and transportation and chaired numerous committees; and

Whereas, Henson P. Barnes earned the respect and admiration of fellow members of the General Assembly, who elected him as President Pro Tempore of the Senate from 1988 to 1992; and

Whereas, Henson P. Barnes was the recipient of numerous honors and awards, including an Honorary Doctor of Humane Letters from William Carter College in 1979; Legislative Award for Excellence from the Governor's Crime Commission in 1983; Outstanding Legislator from the North Carolina Parks Association in 1985; Woodmen of the World, "Man of the Year," in 1985; United States Great American Family of the Year Award, presented by Nancy Reagan at the White House in 1985; National Environmental Award, "Take Pride in America," presented by President Ronald Reagan at the White House in 1987; Legislator Award for Contribution to Trails from the North Carolina Trails Association in
Whereas, Henson P. Barnes was a member of the First Baptist Church in Goldsboro, where he served as a deacon, Sunday school teacher, and member of the Budget and Finance Board; and

Whereas, Henson P. Barnes was predeceased by his wife, Mary Catherine Allen Barnes; and

Whereas, Henson P. Barnes died on November 22, 2015, at the age of 81; and

Whereas, Henson P. Barnes is survived by his daughters, Rebecca B. Kinsey and Amy B. Patrick; and three grandchildren, John Kinsey, III, Jonathan Babb, Jr., and Brooke Babb; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly of North Carolina honors the memory of Henson Perrymoore Barnes and expresses its appreciation for his accomplishments and the distinguished service he rendered Wayne and Greene Counties, the State of North Carolina, and the nation.

SECTION 2. The General Assembly extends its deepest sympathy to the family and friends of Henson Perrymoore Barnes for the loss of a beloved family member and friend.

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of Henson Perrymoore Barnes.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 15th day of June, 2016.

Resolution 2016-13

A JOINT RESOLUTION PROVIDING FOR THE CONFIRMATION OF GREGORY MCGUIRE AS A SPECIAL SUPERIOR COURT JUDGE.

Whereas, under the provisions of G.S. 7A-45.1(a10), as special superior court judgeships become vacant, the Governor shall submit the names of his nominees for those judgeships to the General Assembly for confirmation by ratified joint resolution; and

Whereas, a vacancy has occurred due to the retirement of the Honorable John Jolly; and

Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the name of his nominee, Gregory McGuire, for a term as a special superior court judge; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The General Assembly confirms the appointment of Gregory McGuire of Wake County as a special superior court judge, whose term of office shall commence on the date of the appointment by the Governor and whose term of office shall end five years from the date of appointment.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of June, 2016.
Resolutions - 2016

Resolution 2016-14

RESOLUTION PROVIDING FOR THE CONFIRMATION OF CHARLES M. VISER AS A SPECIAL SUPERIOR COURT JUDGE.

Whereas, under the provisions of G.S. 7A-45.1(a10), as special superior court judgeships become vacant, the Governor shall submit the names of his nominees for those judgeships to the General Assembly for confirmation by ratified joint resolution; and

Whereas, a vacancy has occurred due to the resignation of the Honorable Martin McGee; and

Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the name of his nominee, Charles M. Viser, for a term as a special superior court judge; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The General Assembly confirms the appointment of Charles M. Viser of Mecklenburg County as a special superior court judge, whose term of office shall commence on the date of the appointment by the Governor and whose term of office shall end five years from the date of appointment.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Resolution 2016-15

RESOLUTION PROVIDING FOR THE CONFIRMATION OF MICHAEL ROBINSON AS A SPECIAL SUPERIOR COURT JUDGE.

Whereas, under the provisions of G.S. 7A-45.1(a9) and (a10), as special superior court judgeships become vacant, the Governor shall submit the names of his nominees for those judgeships to the General Assembly for confirmation by ratified joint resolution; and

Whereas, a vacancy has occurred due to the resignation of the Honorable Lucy Inman; and

Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the name of his nominee, Michael Robinson, for a term as a special superior court judge; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The General Assembly confirms the appointment of Michael Robinson of Forsyth County as a special superior court judge, whose term of office shall commence on the date of the appointment by the Governor and whose term of office shall end five years from the date of appointment.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of June, 2016.

Resolution 2016-16

RESOLUTION CONFIRMING THE APPOINTMENT OF WILLIAM "BILL" DAUGHTRIDGE, JR., TO THE NORTH CAROLINA INDUSTRIAL COMMISSION.

Whereas, G.S. 97-77(a1) provides that appointments by the Governor to the North Carolina Industrial Commission are subject to confirmation by the General Assembly; and

Whereas, a vacancy has occurred due to the resignation of Drew Heath; and
 Whereas, the Governor has submitted to the presiding officers of the House of Representatives and the Senate the name of his appointee, William "Bill" Daughtridge, Jr., to a term on the North Carolina Industrial Commission; Now, therefore,

Be it resolved by the House of Representatives, the Senate concurring:

SECTION 1. The appointment of William "Bill" Daughtridge, Jr., to the North Carolina Industrial Commission for a term beginning February 18, 2016, and expiring April 30, 2019, is confirmed.

SECTION 2. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 20th day of June, 2016.

Resolution 2016-18  S.J.R. 718

A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF HARRIS BLAKE, FORMER MEMBER OF THE GENERAL ASSEMBLY.

Whereas, Harris Blake was born on November 3, 1929, in Jackson Springs, North Carolina, to Evander Blake and Claudia Parker Blake; and

Whereas, despite becoming an orphan at the age of five, Harris Blake graduated from West End High School in 1948 and attended Elon University; and

Whereas, Harris Blake served in the United States Army during the Korean War and, for his service, earned the Good Conduct Award; and

Whereas, Harris Blake began his career as a clerk for Pinehurst Hardware and Supply Company, and later became the manager, before eventually buying the business and expanding it to three locations; and

Whereas, Harris Blake later ventured into commercial development and established Pinehurst South Realty; and

Whereas, Harris Blake was appointed by President Ronald Reagan as an associate administrator for the Farmers Home Administration within the US Department of Agriculture, and served in that position from 1985 to 1986; and

Whereas, Harris Blake was elected to the North Carolina Senate in 2002, where he served with honor and distinction for five terms; and

Whereas, during his tenure in the Senate, Harris Blake was a member of several committees, including Appropriations/Base Budget, Commerce, Small Business and Entrepreneurship, Finance, Health Care, and State and Local Government, and was able to work with members on both sides of the aisle to pass legislation; and
Whereas, Harris Blake was a co-founder of the Carolina China Council, a nonprofit organization that promotes business, cultural, and education exchanges between North Carolina and China; and

Whereas, Harris Blake worked with the Chinese government to return to Moore County the remains of Lt. Robert Hoyle Upchurch, a Flying Tiger pilot killed in World War II; and

Whereas, Harris Blake was active in his community and was elected or appointed to several boards, including Moore Regional Hospital, Moore Regional Foundation, Moore County Board of Education, Sandhills Community College, Sandhills Area Chamber of Commerce, Pinehurst Lions Club, Sandhills Kiwanis Club, and Moore County Historical Society; and

Whereas, Harris Blake also served as chair of fund-raising for Moore Buddies Program and president of NC/SC Elmco; and

Whereas, Harris Blake was awarded the State's highest honor, the Order of the Long Leaf Pine, in 2013; and

Whereas, Harris Blake died on June 9, 2014, at the age of 84; and

Whereas, Harris Blake was predeceased by his wife of 56 years, Barbara Carter Blake; and

Whereas, Harris Blake is survived by his daughter, Joy; son-in-law, Luke Donat; a brother, Waylon Blake; and a sister, Betty McNeill; and

Whereas, Harris Blake will be remembered as a true southern gentleman who treated everyone with respect and dignity and went out of his way to help those in need; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly honors the memory of Harris Blake and expresses its appreciation for his many accomplishments and his service to the State of North Carolina.

SECTION 2. The General Assembly extends its sympathy to the family of Harris Blake for the loss of a beloved family member.

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of Harris Blake.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 21st day of June, 2016.
**SECTION 2.** This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 23rd day of June, 2016.

**Resolution 2016-20**  
**S.J.R. 894**

**A JOINT RESOLUTION HONORING THE LIFE AND MEMORY OF JOHN RICHARD JORDAN, JR., FORMER MEMBER OF THE GENERAL ASSEMBLY.**

Whereas, John R. Jordan, Jr., was born on January 16, 1921, in Winton, North Carolina, to John Richard Jordan, Sr., and Ina Love Mitchell Jordan; and

Whereas, John R. Jordan, Jr., graduated from the University of North Carolina at Chapel Hill where he earned a bachelor's degree in political science in 1942 and was awarded a Doctor of Jurisprudence with honors in 1948; and

Whereas, John R. Jordan, Jr., established a law firm in Raleigh, from which he practiced for over 50 years in the areas of banking and financial institutions and appeared before State and federal courts; and

Whereas, John R. Jordan, Jr., served as special counsel for the North Carolina State Banking Commission and the Banking Department of the Commonwealth of Virginia; and

Whereas, John R. Jordan, Jr., served with honor and distinction in the General Assembly as a member of the Senate for three terms between 1959 and 1964; and

Whereas, during his tenure in the Senate, John R. Jordan, Jr., focused mainly on education issues and was well-known for refusing his per diem, salary, and special legislative license plate; and

Whereas, John R. Jordan, Jr., served on the Board of Governors of The University of North Carolina for 24 years, longer than any other member in State history and, during that time, was chair for two terms; and

Whereas, John R. Jordan, Jr., served his profession in many capacities, including as a member of the North Carolina Bar Association, American Bar Association, International Bar Association, World Jurist Conference, and Judicial Conference of the United States Court of Appeals; and

Whereas, John R. Jordan, Jr., served on many boards and commissions, including the North Carolina Board of Social Services, Commission on Education Beyond High School, Commission on Medical Aid for the Aged, Commission for the Study of the Uniform Commercial Code, North Carolina Legislative Reappointment Commission, North Carolina Aquarium Society, North Carolina Community Foundation, and North Carolina Museum of History; and

Whereas, John R. Jordan, Jr., was active in a number of organizations, including the North Carolina Cancer Society, of which he was at varying times director, president, and chair; North Carolina Cancer Institute (trustee); Governor's Cancer Commission (member); North Carolina Medical Foundation (member); American Red Cross (chair of the State chapter); and North Carolina Division of the National Myasthenia Gravis Foundation (director); and

Whereas, John R. Jordan, Jr., was a member of numerous civic and fraternal organizations, including the Sphinx Club of Raleigh, Raleigh Host Lions Club, and Pi Kappa Alpha Fraternity; and

Whereas, John R. Jordan, Jr., was also the recipient of many other awards and honors, including the Distinguished Service Award in Public Health, North Carolina American Cancer Society's National Gold Medal, and the University Award, the highest civilian honor bestowed by the State of North Carolina; and

Whereas, John R. Jordan, Jr., was inducted into the Hall of Fame of the North Carolina Bar Association in recognition of his long and distinguished legal career, and he was awarded the Distinguished Alumnus Award by the University of North Carolina at Chapel Hill School of Law; and
Whereas, John R. Jordan, Jr., enjoyed writing as a creative outlet and had several political and historical articles published in various newspapers and other media and contributed to the Dictionary of North Carolina Biography; and

Whereas, John R. Jordan, Jr., was a passionate reader and collector of books; he established a library collection of thousands of books at his home in Raleigh and his former home in Winton and gifted hundreds of books to friends, colleagues, and educational institutions; and

Whereas, John R. Jordan, Jr., never forgot his hometown or its people and, throughout his lifetime, worked to enhance the life and culture in Winton by creating a foundation to benefit historical and cultural events in Hertford County, establishing the Century Post Office Museum in a building that served as an early rural post office and restoring the Colonial Kitchen Museum, the only building in town to survive destruction from Union troops in 1862; and

Whereas, John R. Jordan, Jr., was a member of First Baptist Church in Raleigh and served on the Diaconate of Pullen Memorial Baptist Church and Ridge Road Baptist Church; and

Whereas, John R. Jordan, Jr., died on March 9, 2016, at the age of 95; and

Whereas, John R. Jordan, Jr., is survived by his devoted wife of over 33 years, Brenda Moore Jordan, and a stepson, E. Scott Harlow; and

Whereas, John R. Jordan, Jr., is also survived by a daughter, Ellen Meares Jordan McCarren, and a son, John Richard Jordan III, from his first marriage to the late Patricia Weaver Jordan, and four grandchildren, John Richard Jordan IV, Jordan Patrick McCarren, Frances Marie Jordan Merchwart, and Katherine Buckley McCarren; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The General Assembly of North Carolina honors the memory of John Richard Jordan, Jr., and expresses its appreciation for his many accomplishments and the distinguished service he rendered his community and State.

SECTION 2. The General Assembly extends its deepest sympathy to the family and friends of John Richard Jordan, Jr., for the loss of a beloved family member and friend.

SECTION 3. The Secretary of State shall transmit a certified copy of this resolution to the family of John Richard Jordan, Jr.

SECTION 4. This resolution is effective upon ratification.

In the General Assembly read three times and ratified this the 27th day of June, 2016.

Resolution 2016-21 S.J.R. 387

A JOINT RESOLUTION PROVIDING FOR A JOINT SESSION OF THE GENERAL ASSEMBLY TO ACT ON A JOINT RESOLUTION PROVIDING FOR CONFIRMATION OF THE APPOINTMENTS BY THE GOVERNOR OF NEW MEMBERS TO THE STATE BOARD OF EDUCATION.

Whereas, under the provisions of the Constitution of North Carolina and G.S. 115C-10, appointments by the Governor to membership on the State Board of Education are subject to confirmation by the General Assembly in joint session; and

Whereas, vacancies have occurred on the State Board of Education; and

Whereas, the Governor is required to transmit to the presiding officers of the Senate and the House of Representatives the names of his appointees to fill the terms of membership on the State Board of Education, which expire March 31, 2023; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. Upon the call of the Speaker of the House of Representatives and the President Pro Tempore of the Senate, the General Assembly shall meet in joint session to act on
a joint resolution providing for confirmation of the appointments by the Governor of new members to the State Board of Education.

SECTION 2. This resolution is effective upon ratification.
In the General Assembly read three times and ratified this the 29th day of June, 2016.

Resolution 2016-22

A JOINT RESOLUTION PROVIDING FOR CONFIRMATION OF APPOINTMENT BY THE GOVERNOR OF JAMES TODD CHASTEEN AND AMY BANNISTER WHITE TO THE STATE BOARD OF EDUCATION.

Whereas, under the provisions of the North Carolina Constitution and G.S. 115C-10, appointments by the Governor to membership on the State Board of Education are subject to confirmation by the General Assembly in joint session; and

Whereas, the Governor has transmitted to the presiding officers of the Senate and the House of Representatives the names of his appointees to fill terms of membership on the State Board of Education which expire March 31, 2023; Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. The appointments of James Todd Chasteen and Amy Bannister White to membership on the State Board of Education for terms to expire March 31, 2023, are confirmed.

SECTION 2. This resolution is effective upon ratification.
In the General Assembly read three times and ratified this the 30th day of June, 2016.

Resolution 2016-23

A JOINT RESOLUTION PROVIDING FOR ADJOURNMENT SINE DIE OF THE 2015 REGULAR SESSION OF THE GENERAL ASSEMBLY.

Be it resolved by the Senate, the House of Representatives concurring:

SECTION 1. When the Senate and the House of Representatives, constituting the 2015 Regular Session of the General Assembly, adjourn on Friday, July 1, 2016, they stand adjourned sine die.

SECTION 2. This resolution is effective upon ratification.
In the General Assembly read three times and ratified this the 1st day of July, 2016.
# EXECUTIVE ORDERS
## OF
## GOVERNOR PAT McCRORY

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WHEREAS, certain businesses engage in "employee misclassification" by improperly classifying their employees as independent contractors which enables these businesses to avoid the liabilities and obligations imposed by state and federal law;

WHEREAS, the practice of employee misclassification: (1) deprives North Carolina employees of their lawful rights and protections; (2) affords unethical business owners with a competitive advantage at the expense of lawful businesses; and (3) divests the state and the general public of significant tax revenues;

WHEREAS, increased cooperation and streamlined information sharing between state agencies is an effective tool for preventing and combating the abuses inherent in employee misclassification;

WHEREAS, the consolidation of resources among relevant agencies is anticipated to effectively bolster enforcement initiatives without unnecessarily increasing the size of government or unduly burdening North Carolina businesses;

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS HEREBY ORDERED:

Section 1.

The Employee Classification Section (hereinafter "Section") is established within the Industrial Commission. The Chairman of the Industrial Commission (hereinafter "Chairman") shall appoint a Director of the Employee Classification Section (hereinafter "Director") to direct and oversee the Section in carrying out its duties as provided herein. The Chairman may employ clerical staff, investigators, and other staff as is necessary for the Section to perform its duties. The Chairman shall provide the Section with adequate offices in which the Section's records shall be kept and its official business transacted during regular business hours.

Section 2.

The Secretary of Revenue, the Chairman of the Industrial Commission, and the Assistant Secretary of Commerce for the Division of Employment Security shall each designate an employee of their respective agencies to serve as liaisons to the Section. The Commissioner of Labor and Commissioner of Insurance are each invited to designate an employee of their respective agencies to serve as liaisons to the Section.
The Section and agency liaisons shall have the following duties:

(1) The Section shall be available during business hours to receive complaints of employee misclassification by telephonic, written, or electronic communication. Complaints of employee misclassification may be made directly to the Director or may originate from agency liaisons.

(2) For each complaint made to the Director, the Director shall create a file and refer the complaint to each of the agency liaisons. Each liaison shall conduct his or her own independent investigation to determine whether violations of their respective operating statutes have occurred as a result of employee misclassification. Each liaison who finds that a violation has occurred shall ensure that necessary enforcement actions are initiated under their respective agencies’ operating statutes. Liaisons shall provide quarterly reports to the Director as to the final outcome of all investigations and/or enforcement actions. Each report shall include, at a minimum, the number of complaints of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of complaints referred from the liaison to the Director.

(3) For each complaint made directly to an agency liaison, the liaison shall refer the complaint to the Director. The Director and liaisons shall then follow the procedure set forth in paragraph (2) above.

(4) The Director shall coordinate with appropriate state agencies, Office of the Governor, and legislative staff to create and sustain comprehensive measures to combat employee misclassification practices.

(5) The Director, agency liaisons, and the Department of Information Technology shall develop methods and best practices for information sharing between State agencies in order to proactively identify possible instances of employee misclassification.

(6) The Director shall develop methods and strategies to educate employers, employees, and the public about proper classification of employees and the prevention of employee misclassification.

Section 3.

By January 1 of each year, the Section shall publish to the Office of the Governor a report of the Section’s activities, together with any recommendations or proposed legislative changes as the Section deems advisable. This report shall include, at a minimum, the number of reports of employee misclassification received, the number and amount of back taxes, wages, benefits, penalties, or other monies assessed, the amount of back taxes, wages, benefits, penalties, or other monies collected, and the number of cases referred to each State agency.

Section 4.

All cabinet agencies, departments, and boards and commissions are directed to provide the Section with all reasonable assistance and information that may be requested in furtherance of its duties as set forth in Section 2. All Council of State heads are invited to share all relevant information and collaborate with the Section in its efforts to prevent and identify offenses arising from employee misclassification.
Section 5.

This Executive Order shall be effective immediately and shall remain in effect until rescinded. Executive Order No. 125 issued on August 22, 2012 is hereby terminated.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this the eighteenth day of December in the year of our Lord two thousand and fifteen, and of the Independence of the United States of America the two hundredth and thirty-nine.

Pat McCrory
Governor

ATTEST:

Elaine Marshall
Secretary of State
December 18, 2015

EXECUTIVE ORDER NO. 84

STATE EMPLOYEE FAIRNESS INITIATIVE

WHEREAS, the Director of the Office of State Human Resources is charged with ensuring that employees receive accurate information about human resources programs and services.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

Section 1. Meeting

The representatives of any North Carolina domiciled employee association that has at least 2,000 members who are employees of the State of North Carolina, shall have the opportunity to meet annually with the Governor and bi-annually with the Director of the Office of State Human Resources regarding issues of concern.

Section 2. Effect and Duration

This Executive Order is effective immediately and shall remain in effect until rescinded. All other Executive Orders or portions of Executive Orders inconsistent with this Order are hereby rescinded. This Order specifically rescinds Executive Order No. 45 signed January 21, 2010.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this eighteenth day of December in the year of our Lord two thousand and fifteen, and of the Independence of the United States of America the two hundred and thirty-nine.

Pat McCrory
Governor

ATTEST:

Elaine F. Marshall
Secretary of State
State of North Carolina

PAT McCORKY
GOVERNOR

January 20, 2016

EXECUTIVE ORDER NO. 85

DECLARATION OF A STATE OF EMERGENCY BY THE GOVERNOR OF
THE STATE OF NORTH CAROLINA

Section 1.

I hereby declare that a state of emergency as defined in N.C.G.S. §§ 166A-19.3(6) and
166A-19.3(19) exists in the State of North Carolina due to the approach and potential
impacts of upcoming winter storms. The emergency area as defined in N.C.G.S. §§
166A-19.3(7) and N.C.G.S. 166A-19.20(b) is the State of North Carolina.

Section 2.

I order all state and local government entities and agencies to cooperate in the
implementation of the provisions of this declaration and the provisions of the North

Section 3.

I delegate to Frank L. Perry, the Secretary of Public Safety, or his designee, all power
and authority granted to me and required of me by Article 1A of Chapter 166A of the
General Statutes for the purpose of implementing the State’s Emergency Operations
Plan and deploying the State Emergency Response Team to take the appropriate actions
as is necessary to promote and secure the safety and protection of the populace in North
Carolina.

Section 4.

Further, Secretary Perry, as chief coordinating officer for the State of North Carolina,
shall exercise the powers prescribed in N.C.G.S. § 143B-602.
Section 5.

I further direct Secretary Perry or his designee, to seek assistance from agencies of the United States Government as may be needed to meet the emergency and seek reimbursement for costs incurred by the State of North Carolina in responding to this emergency.

Section 6.

I hereby order this declaration: (a) to be distributed to the news media and other organizations calculated to bring its contents to the attention of the general public; (b) unless the circumstances of the state of emergency prevent or impede, to be promptly filed with the Secretary of Public Safety, the Secretary of State, and the clerks of superior court in the counties to which it applies; and (c) to be distributed to others as necessary to assure proper implementation of this declaration.

Section 7.

This declaration does not prohibit or restrict lawfully possessed firearms or ammunition or impose any limitation on the consumption, transportation, sale or purchase of alcoholic beverages as provided in N.C.G.S. § 166A-19.30(c).

Section 8.

Pursuant to N.C.G.S. § 166A-19.23, this declaration triggers the prohibition against excessive pricing as provided in N.C.G.S. §§ 75-37 and 75-38 in the declared emergency area.

Section 9.

This declaration is effective immediately and shall remain in effect until rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twentieth day of January in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

Pat McCrory  
Governor

[Signature]

Elaine F. Marshall  
Secretary of State
EXECUTIVE ORDER NO. 86

TEMPORARY SUSPENSION OF MOTOR VEHICLE REGULATIONS TO ENSURE RESTORATION OF UTILITY SERVICES AND TRANSPORTING ESSENTIALS

WHEREAS, due to the approach and potential impacts of upcoming winter storms, vehicles bearing equipment and supplies for utility restoration and debris removal, carrying essentials such as food and medicine, transporting livestock and poultry and feed for livestock and poultry need to be moved on the highways of North Carolina; and

WHEREAS, I have declared that a state of emergency as defined in N.C.G.S. §§ 166A-19.3(6) and 166A-19.3(19) exists in North Carolina due to the likely impact of these winter storms; and

WHEREAS, the prompt restoration of utility services and uninterrupted supply of electricity, gasoline and other essentials in commerce to citizens of North Carolina is essential to their safety and well-being; and

WHEREAS, under the provisions of N.C.G.S. § 166A-19.30(b)(3) the Governor, with the concurrence of the Council of State, may regulate and control the flow of vehicular traffic and the operation of transportation services; and

WHEREAS, with the concurrence of the Council of State, I have found that vehicles bearing equipment and supplies for utility restoration, carrying essentials and for debris removal must adhere to the registration requirements of N.C.G.S. § 20-86.1 and 20-382, fuel tax requirements of N.C.G.S. § 105-449.47, and the size and weight requirements of N.C.G.S. §§ 20-116, 20-118, and 20-119. I have further found that citizens in this state may suffer imminent widespread damage within the meaning of N.C.G.S § 166A-19.3(3) and N.C.G.S. § 166A-19.21(b); and

WHEREAS, pursuant to N.C.G.S. § 166A-19.70(g) on the recommendation of the Commissioner of Agriculture, upon a finding that there is an imminent threat of severe economic loss of livestock or poultry, the Governor shall direct the Department of Public Safety to temporarily suspend weighing those vehicles used to transport livestock and poultry and feed for livestock and poultry; and

WHEREAS, 49 CFR § 390.23 allows the Governor of a state to suspend the rules and regulations under 49 CFR Parts 390-399 for up to 30 days if the Governor determines that an emergency condition exists; and

WHEREAS, under N.C.G.S. § 166A-19.70, the Governor may declare that the health, safety, or economic well-being of persons or property requires that the maximum hours of service for drivers prescribed by N.C.G.S. § 20-381 should be waived for persons transporting essential fuels, food, water, medical supplies, debris removal, feed for livestock and poultry, transporting livestock and poultry and for vehicles used in the restoration of utility services.
NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, IT IS ORDERED:

Section 1.

The Department of Public Safety in conjunction with the North Carolina Department of Transportation shall waive the maximum hours of service for drivers prescribed by the Department of Public Safety pursuant to N.C.G.S. § 20-381.

Section 2.

The Department of Public Safety in conjunction with the Department of Transportation shall waive certain size and weight restrictions and penalties arising under N.C.G.S. §§ 20-116, 20-118, and 20-119. This order also waives certain registration requirements and penalties arising under N.C.G.S. §§ 20-86.1, 20-382, 105-449.47, and 105-449.49 for vehicles transporting equipment and supplies for the restoration of utility services, carrying essentials, and for equipment for any debris removal. The Department of Public Safety shall suspend weighing pursuant to N.C.G.S. § 20-118.1 vehicles used to transport livestock and poultry and carrying livestock and poultry feed in the emergency area.

Section 3.

Notwithstanding the waivers set forth above, size and weight restrictions and penalties have not been waived under the following conditions:

a. When the vehicle weight exceeds the maximum gross weight criteria established by the manufacturer (GVWR) or 90,000 pounds gross weight, whichever is less.

b. When the tandem axle weight exceeds 42,000 pounds and the single axle weight exceeds 22,000 pounds.

c. When a vehicle and vehicle combination exceeds 12 feet in width and a total overall vehicle combination length of 75 feet from bumper to bumper.

d. Vehicles and vehicle combinations subject to exemptions or permits by authority of this Executive Order shall not be exempt from the requirement of having a yellow banner on the front and rear measuring a total length of 7 feet by 18 inches bearing the legend “Oversized Load” in 10 inch black letters 1.5 inches wide and red flags measuring 18 inches square to be displayed on all sides at the widest point of the load. In addition, when operating between sunset and sunrise, a certified escort shall be required for loads exceeding 8 feet 6 inches in width.

Section 4.

Vehicles referenced under Sections 2 and 3 shall be exempt from the following registration requirements:

a. The $50.00 fee listed in N.C.G.S. § 105-449.49 for a temporary trip permit is waived for the vehicles described above. No quarterly fuel tax is required because the exception in N.C.G.S. § 105-449.45(a)(1) applies.

b. The registration requirements under N.C.G.S. § 20-382.1 concerning intrastate and interstate for-hire authority is waived; however, vehicles shall maintain the required limits of insurance as required.

c. Non-participants in North Carolina’s International Registration Plan will be permitted into North Carolina in accordance with the exemptions identified by this Executive Order.

Section 5.
The size and weight exemption for vehicles will be allowed on all routes designated by the North Carolina Department of Transportation, except those routes designated as light traffic roads under N.C.G.S. § 20-118. This order shall not be in effect on bridges posted pursuant to N.C.G.S. § 136-72.

Section 6.

The waiver of regulations under Title 49 of the Code of Federal Regulations (Federal Motor Carrier Safety Regulations) does not apply to the CDL and Insurance Requirements. This waiver shall be in effect for 30 days or the duration of the emergency, whichever is less.

Section 7.

The North Carolina State Highway Patrol shall enforce the conditions set forth in Sections 1 through 6 of this Executive Order in a manner which will implement these provisions without endangering motorists in North Carolina.

Section 8.

Upon request by law enforcement officers, exempted vehicles must produce documentation sufficient to establish their loads are being used for bearing equipment and supplies for utility restoration, debris removal, carrying essentials in commerce, carrying feed for livestock and poultry, or transporting livestock and poultry in the State of North Carolina.

Section 9.

This Executive Order does not prohibit or restrict lawfully possessed firearms or ammunition or impose any limitation on the consumption, transportation, sale or purchase of alcoholic beverages as provided in N.C.G.S. § 166A-19.30(c).

Section 10.

Pursuant to N.C.G.S. § 166A-19.23, this declaration triggers the prohibition against excessive pricing as provided in N.C.G.S. §§ 75-37 and 75-38 in the declared emergency area.

Section 11.

This Executive Order is effective immediately and shall remain in effect for thirty (30) days or the duration of the emergency, whichever is less.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twentieth day of January in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

[Signature]
Pat McCrory
Governor

[Seal]

ATTEST:

[Signature]
Elaine F. Marshall
Secretary of State
State of North Carolina

PAT McCORNY
GOVERNOR

January 29, 2016
EXECUTIVE ORDER 87
NOTICE OF TERMINATION OF EXECUTIVE ORDER 85
AND AMENDMENT OF EXECUTIVE ORDER 86

WHEREAS, Executive Order No. 85, issued on January 20, 2016, declared a state of emergency in North Carolina due to the potential impacts of a winter storm; and

WHEREAS, Executive Order No. 86, issued on January 20, 2016, waived the maximum hours of service for drivers transporting supplies and equipment for utility restoration and essentials in commerce, and with the concurrence of the Council of State temporarily suspended size and weight restrictions on vehicles used for utility restoration and carrying essentials on the interstate and intrastate highways due to the potential impacts of a winter storm. In addition, the order also directed the Department of Public Safety to suspend weighing equipment used for movement of crops, transporting livestock and poultry and feed for livestock and poultry.

NOW, THEREFORE, by the power vested in me as Governor by the Constitution and laws of North Carolina, IT IS ORDERED:

Section 1.

Pursuant to N.C.G.S. § 166A-19.20(c) the state of emergency that was declared by Executive Order No. 85 is hereby terminated immediately.

Section 2.

Executive Order No. 86 will remain in effect until February 5, 2016. The order is amended to repeal the following clause:

WHEREAS, WHEREAS, I have declared that a state of emergency as defined in N.C.G.S. §§ 166A-19.3(6) and 166A-19.3(19) exists in North Carolina due to the likely impact of these winter storms; and

Replacing it with the following clause:

WHEREAS: although I have terminated Executive Order No. 85, issued on January 20, 2016, there continues to be a state of emergency as defined in N.C.G.S. §§ 166A-19.3(6) and 166A-19.3(19) for the purposes of responding ongoing impacts from the storm in this state and the northeast region of the United States. The emergency area as defined in
N.C.G.S. §§ 166A-19.3(7) and N.C.G.S. 166A-19.20(b) is the state of North Carolina and the impacted states in the northeast United States; and

Section 3.

Section 10 of Executive Order No. 86 is rewritten to read as follows:

This order will not trigger the prohibitions against excessive pricing in the emergency area in North Carolina, notwithstanding the provisions of N.C.G.S. § 166A-19.23.

Section 4.

The remaining provisions in Executive Order No. 86 remain in effect until the order terminates on February 5, 2016.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twenty-ninth day in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

Pat McCrory
Governor

ATTEST:

Elaine F. Marshall
Secretary of State
State of North Carolina

PAT McCORRY
GOVERNOR

February 17, 2016

EXECUTIVE ORDER NO. 88


WHEREAS, the North Carolina Emergency Management Act, Chapter 166A of the North Carolina General Statutes authorizes the issuance of a disaster declaration for an emergency area as defined in N.C.G.S. § 166A-19.3(7) and categorizing the disaster as a Type I, Type II or Type III disaster as defined in N.C.G.S. § 166A-19.21(b); and

WHEREAS, the Village of Bald Head Island (Brunswick County), the Town of Carolina Shores (Brunswick County), the Town of Navassa (Brunswick County), the Town of Carolina Beach (New Hanover County), the Town of North Topsail Beach (Onslow County), and the Town of Surf City (Pender County) were impacted by the severe rain and flooding associated with the Hurricane Joaquin/Nor'easter event that occurred between September 25, 2015 and October 5, 2015; and

WHEREAS, the six municipalities each declared local states of emergency for this event; and

WHEREAS, due the impact of the severe rain and flooding associated with Hurricane Joaquin/Nor'easter event, a joint preliminary damage assessment was done by federal, state and local emergency management officials; and

WHEREAS, I have determined that a Type I disaster, as defined in N.C.G.S. § 166A-19.21(b)(1), exists in the State of North Carolina, specifically in the following municipalities: the Village of Bald Head Island (Brunswick County), the Town of Carolina Shores (Brunswick County), the Town of Navassa (Brunswick County), the Town of Carolina Beach (New Hanover County), the Town of North Topsail Beach (Onslow County), and the Town of Surf City (Pender County); and

WHEREAS, pursuant to N.C.G.S. § 166A-19.21(b)(1), the criteria for a Type I disaster are met if: (1) the Secretary of the Department of Public Safety has provided a preliminary damage assessment to the Governor and the General Assembly; (2) the Village of Bald Head Island (Brunswick County), the Town of Carolina Shores (Brunswick County), the Town of Navassa (Brunswick County), the Town of Carolina Beach (New Hanover County), the Town of North Topsail Beach (Onslow County), and the Town of Surf City (Pender County) declared local states of emergency pursuant to N.C.G.S. § 166A-19.22; (3) the preliminary damage assessment meets or exceeds the State infrastructure criteria set out in G.S. 166A-19.41(b)(2)(a);
and (4) a major disaster declaration by the President of the United States pursuant to the Stafford Act has not been declared; and

WHEREAS, pursuant to N.C.G.S. § 166A-19.41(b), if a disaster is declared, the Governor may make State funds available for emergency assistance in the form of individual assistance and public assistance for recovery from those disasters for which federal assistance under the Stafford Act is either not available or does not adequately meet the needs of the citizens of the State in the emergency area.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, IT IS ORDERED:

Section 1. Pursuant to N.C.G.S. § 166A-19.21(b)(1), a Type I disaster is hereby declared for the Village of Bald Head Island (Brunswick County), the Town of Carolina Shores (Brunswick County), the Town of Navassa (Brunswick County), the Town of Carolina Beach (New Hanover County), the Town of North Topsail Beach (Onslow County), and the Town of Surf City (Pender County).

Section 2. I authorize state disaster assistance in the form of public assistance grants to eligible governments located within the emergency area that meet the terms and conditions under N.C.G.S. § 166A-19.41(b)(2). The public assistance grants are for the following:

a. Debris clearance.
b. Emergency protective measures.
c. Roads and bridges.

Section 3. I hereby order this declaration: (a) to be distributed to the news media and other organizations calculated to bring its contents to the attention of the general public; (b) to be promptly filed with the Secretary of Public Safety, the Secretary of State, and the clerks of superior court in the counties to which it applies; and (c) to be distributed to others as necessary to ensure proper implementation of this declaration.

Section 4. This Type I disaster declaration shall expire 60 days after issuance unless renewed by the Governor or the General Assembly. Such renewals may be made in increments of 30 days each, not to exceed a total of 120 days from the date of first issuance.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this seventeenth day of February in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

[Signature]
Governor

ATTEST:

[Signature]
Secretary of State

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State of North Carolina

PAT McCORNY
GOVERNOR

February 25, 2016

EXECUTIVE ORDER NO. 89

TEMPORARY SUSPENSION OF MOTOR VEHICLE REGULATIONS TO ENSURE RESTORATION OF UTILITY SERVICES THROUGHOUT THE STATE

WHEREAS, due to the impacts of a state-wide severe weather event which included tornadoes and straight-line winds on February 24, 2016, vehicles bearing equipment and supplies needed to restore power and utility service to communities within this State need to be moved on the highways of North Carolina; and

WHEREAS, I hereby declare that a state of emergency as defined in N.C.G.S. §§ 166A-19.3(6) and 166A-19.3(19) exists in the State of North Carolina due to the impacts of the storms and for the purpose of restoring power and other utility service to the impacted areas. The emergency area as defined in N.C.G.S. §§ 166A-19.3(7) and N.C.G.S. 166A-19.20(b) is the State of North Carolina.

WHEREAS, under the provisions of N.C.G.S. § 166A-19.30(b)(3) the Governor, with the concurrence of the Council of State, may regulate and control the flow of vehicular traffic and the operation of transportation services; and

WHEREAS, with the concurrence of the Council of State, I have found that vehicles bearing equipment and supplies to assist in the restoration of utility services in North Carolina must adhere to the registration requirements of N.C.G.S. § 20-86.1 and 20-382, fuel tax requirements of N.C.G.S. § 105-449.47, and the size and weight requirements of N.C.G.S. §§ 20-116, 20-118 and 20-119. I have further found that citizens in this State have suffered losses and will likely suffer imminent further widespread damage within the meaning of N.C.G.S § 166A-19.3(3) and N.C.G.S. § 166A-19.21(b) will occur and;

WHEREAS, the prompt restoration of utility services to citizens is essential to their safety and well-being; and

WHEREAS, 49 CFR § 390.23 allows the Governor of a state to suspend the rules and regulations under 49 CFR Parts 390-399 for up to 30 days if the Governor determines that an emergency condition exists; and

WHEREAS, under N.C.G.S. § 166A-19.70, the Governor may declare that the health, safety, or economic well-being of persons or property requires that the maximum hours of service for drivers prescribed by N.C.G.S. § 20-381 should be waived for persons transporting essential fuels, food, water, and medical supplies, and for restoration of utility services.

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and the laws of the State of North Carolina, IT IS ORDERED:

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Section 1.

The Department of Public Safety in conjunction with the North Carolina Department of Transportation shall waive the maximum hours of service for drivers prescribed by the Department of Public Safety pursuant to N.C.G.S. § 20-381.

Section 2.

The Department of Public Safety in conjunction with the North Carolina Department of Transportation shall waive certain size and weight restrictions and penalties arising under N.C.G.S. §§ 20-116, 20-118 and 20-119, and certain registration requirements and penalties arising under N.C.G.S. §§ 20-86.1, 20-382, 105-449.47, and 105-449.49 for the vehicles transporting equipment and supplies to restore power and utility service to areas within North Carolina.

Section 3.

Notwithstanding the waivers set forth above, size and weight restrictions and penalties have not been waived under the following conditions:

a. When the vehicle weight exceeds the maximum gross weight criteria established by the manufacturer (GVWR) or 90,000 pounds gross weight, whichever is less.

b. When the tandem axle weight exceeds 42,000 pounds and the single axle weight exceeds 22,000 pounds.

c. When a vehicle and vehicle combination exceeds 12 feet in width and a total overall vehicle combination length of 75 feet from bumper to bumper.

d. Vehicles and vehicle combinations subject to exemptions or permits by authority of this Executive Order shall not be exempt from the requirement of having a yellow banner on the front and rear measuring a total length of 7 feet by 18 inches bearing the legend “Oversized Load” in 10 inch black letters 1.5 inches wide and red flags measuring 18 inches square to be displayed on all sides at the widest point of the load. In addition, when operating between sunset and sunrise, a certified escort shall be required for loads exceeding 8 feet 6 inches in width.

Section 4.

Vehicles referenced under Sections 2 and 3 shall be exempt from the following registration requirements:

a. The $50.00 fee listed in N.C.G.S. § 105-449.49 for a temporary trip permit is waived for the vehicles described above. No quarterly fuel tax is required because the exception in N.C.G.S. § 105-449.45(a)(1) applies.

b. The registration requirements under N.C.G.S. § 20-382.1 concerning intrastate and interstate for-hire authority is waived; however, vehicles shall maintain the required limits of insurance as required.

c. Non-participants in North Carolina’s International Registration Plan will be permitted into North Carolina in accordance with the exemptions identified by this Executive Order.

Section 5.

The size and weight exemption for vehicles will be allowed on all routes designated by the North Carolina Department of Transportation, except those routes designated as light traffic roads under N.C.G.S. § 20-118. This order shall not be in effect on bridges posted pursuant to N.C.G.S. § 136-72.
Section 6.

The waiver of regulations under Title 49 of the Code of Federal Regulations (Federal Motor Carrier Safety Regulations) does not apply to the CDL and Insurance Requirements. This waiver shall be in effect for 30 days or the duration of the emergency, whichever is less.

Section 7.

The North Carolina State Highway Patrol shall enforce the conditions set forth in Sections 1 through 6 of this Executive Order in a manner which will implement these provisions without endangering motorists in North Carolina.

Section 8.

Upon request by law enforcement officers, exempted vehicles must produce documentation sufficient to establish their loads are being used for relief efforts associated with transporting equipment and supplies to restore power and utility services.

Section 9.

This Executive Order does not prohibit or restrict lawfully possessed firearms or ammunition or impose any limitation on the consumption, transportation, sale or purchase of alcoholic beverages as provided in N.C.G.S. § 166A-19.30(c).

Section 10.

This declaration will not trigger the prohibitions against excessive pricing in the emergency area, notwithstanding the provisions of N.C.G.S. § 166A-19.23.

Section 11.

This Executive Order is effective immediately and shall remain in effect for thirty (30) days or the duration of the emergency, whichever is less.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this 25th day of February in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

Pat McCrory
Governor

ATTEST:

Elaine F. Marshall
Secretary of State
State of North Carolina

PAT McCORRY
GOVERNOR

February 29, 2016
EXECUTIVE ORDER NO. 90
NOTICE OF TERMINATION OF EXECUTIVE ORDER

WHEREAS, Executive Order No. 89 issued on February 25, 2016, declared a state of emergency for a severe weather event, which included tornados and straight-line winds. The order also waived certain safety, size, weight and hour of service regulations on vehicles traveling through North Carolina to expedite utility restoration.

NOW, THEREFORE, by the power vested in me as Governor by the Constitution and laws of North Carolina, IT IS ORDERED:

Pursuant to N.C.G.S § 166A-19.20(c) the state of emergency and waiver that was declared by Executive Order 89 is hereby terminated on Monday, February 29, 2016 at 5:00 p.m.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this 29th day of February in the year of our Lord two thousand and sixteen, and of the Independence of the United States of America the two hundred and forty.

Pat McCory
Governor

ATTEST:

Elaine F. Marshall
Secretary of State
March 2, 2016

EXECUTIVE ORDER NO. 91

RESCINDING EXECUTIVE ORDER

Pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

Executive Order No. 73, Designating the North Carolina Health Information Exchange as the State-Designated Entity under the Health Information Technology for Economic and Clinical Health Act of the American Recovery and Reinvestment Act, adopted December 22, 2010, is hereby rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh this second day of March, 2016.

Pat McCrory
Governor

ATTEST:

Elaine F. Marshall
Secretary of State
State of North Carolina

PAT McCORRY
GOVERNOR

March 15, 2016
EXECUTIVE ORDER NO. 92
REESTABLISHING THE FOOD SAFETY AND DEFENSE TASK FORCE

Pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS HEREBY ORDERED:

Section 1. Establishment

The North Carolina Food Safety and Defense Task Force is hereby re-established.

Section 2. Purpose

The purpose of the Food Safety and Defense Task Force (hereinafter the "Task Force") is to coordinate interagency and public-private efforts to enhance protection of the State’s food supply system and its agricultural industry.

Section 3. Membership

Task Force members shall serve at the pleasure of the Governor. The Governor shall appoint members to the Task Force as follows:

a. The Commissioner of Agriculture, or designee;
b. The Secretary of Environmental Quality, or designee;
c. The Secretary of Health and Human Services, or designee;
d. The Secretary of Public Safety, or designee;
e. Representatives of the University of North Carolina System; and
f. Representatives of other government agencies, private industry, and other public members invited to participate by the Governor.

The Commissioner of Agriculture, the Secretary of the Department of Health and Human Services, and the Secretary of the Department of Environmental Quality shall serve as co-chairs of the Task Force.

Section 4. Duties

The Task Force shall have the following duties:

a. Partner with State and federal agencies to conduct focused studies of the vulnerability of the State’s food system to criminal and terrorist acts and make recommendations regarding the following issues:
   1. Improving safety and defense of the food system,
   2. Reducing terrorism threat measures,
   3. Improving food safety and defense mitigation and response plans, and
4. Implementing or coordinating training for key stakeholders in the State’s food supply system.

b. Recommend legislation needed to improve the ability of State departments and agencies to protect the safety and defense of the State’s food supply and the agricultural industry base, including legislation to protect sensitive and proprietary information of the State’s food supply system, safety and defense vulnerability information, and defense plans that, if compromised, would heighten the exposure of the State’s food supply system to criminal or terrorist acts.

c. Recommend budget, staffing, and resource adjustments necessary to improve the capability of State departments and agencies to protect the safety and defense of the State’s food supply system and agricultural industrial base.

d. Prepare an annual report no later than December 15th each year that includes any recommendations or proposals for changes in laws, rules, and programs that the Task Force determines to be appropriate to enhance food safety and defense in the State.

Section 5. Effect and Duration

This Executive Order shall be effective immediately. It shall remain in effect until December 31, 2017, pursuant to N.C. Gen. Stat. § 147-16.2, or until rescinded. All other executive orders or portions of executive orders inconsistent herewith are hereby rescinded.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this the fifteenth day of March, 2016.

Pat McCrory
Governor

ATTEST:

Elaine Marshall
Secretary of State
State of North Carolina

PAT McCORRY
GOVERNOR

April 12, 2016
EXECUTIVE ORDER NO. 93
TO PROTECT PRIVACY AND EQUALITY

WHEREAS, North Carolina’s rich legacy of inclusiveness, diversity and hospitality makes North Carolina a global destination for jobs, business, tourists and talent;

WHEREAS, it is the policy of the Executive Branch that government services be provided equally to all people;

WHEREAS, N.C. Gen. Stat. § 160A-499.2 permits municipalities to adopt ordinances prohibiting discrimination in housing and real estate transactions, and any municipality may expand such ordinance consistent with the federal Fair Housing Act;

WHEREAS, N.C. Gen. Stat. § 143-422.2(c) permits local governments or other political subdivisions of the State to set their own employment policies applicable to their own personnel;

WHEREAS, North Carolina law allows private businesses and nonprofit employers to establish their own non-discrimination employment policies;

WHEREAS, N.C. Gen. Stat. § 143-128.2 requires each city, county or other local public entity to adopt goals for participation by minority businesses and to make good faith efforts to recruit minority participation in line with those goals;

WHEREAS, North Carolina law allows a private business or nonprofit to set their own restroom, locker room or shower policies;

WHEREAS, our citizens have basic common-sense expectations of privacy in our restrooms, locker rooms and shower facilities for children, women and men;

WHEREAS, to protect expectations of privacy in restrooms, locker rooms and shower facilities in public buildings, including our schools, the State of North Carolina maintains these facilities on the basis of biological sex;

WHEREAS, State agencies and local governments are allowed to make reasonable accommodations in restrooms, locker rooms and shower facilities due to special individual circumstances;

NOW, THEREFORE, pursuant to the authority vested in me as Governor by the Constitution and laws of the State of North Carolina, IT IS ORDERED:

741
Section 1. Public Services
In the provision of government services and in the administration of programs, including, but not limited to public safety, health and welfare, public agencies shall serve all people equally, consistent with the mission and requirements of the service or program.

Section 2. Equal Employment Opportunity Policy for State Employees
I hereby affirm that the State of North Carolina is committed to administering and implementing all State human resources policies, practices and programs fairly and equitably, without unlawful discrimination, harassment or retaliation on the basis of race, religion, color, national origin, sex, sexual orientation, gender identity, age, political affiliation, genetic information, or disability.

I also affirm that private businesses, nonprofit employers and local governments may establish their own non-discrimination employment policies.

Section 3. Restroom Accommodations
In North Carolina, private businesses can set their own rules for their own restroom, locker room and shower facilities, free from government interference.

Under current law, every multiple occupancy restroom, locker room or shower facility located in a cabinet agency must be designated for and only used by persons based on their biological sex. Agencies may make reasonable accommodations upon a person’s request due to special circumstances.

Therefore, when readily available and when practicable in the best judgment of the agency, all cabinet agencies shall provide a reasonable accommodation of a single occupancy restroom, locker room or shower facility upon request due to special circumstances.

All council of state agencies, cities, counties, the University of North Carolina System and the North Carolina Community College System are invited and encouraged to make a similar accommodation when practicable.

Section 4. State Buildings and Facilities Leased to Private Entities
The Department of Administration shall interpret the application of N.C. Gen. Stat. § 143-760 as follows:

When a private entity leases State real property and the property in the lessee’s exclusive possession includes multiple occupancy restrooms, locker rooms or other like facilities, the private entity will control the signage and use of these facilities.

All council of state agencies, cities, counties, the University of North Carolina System and the North Carolina Community College System are invited and encouraged to adopt a similar interpretation of N.C. Gen. Stat. § 143-760.

Section 5. Human Relations Commission
Pursuant to N.C. Gen. Stat. § 143B-391, the Human Relations Commission in the Department of Administration shall promote equality and opportunity for all citizens.

The Human Relations Commission shall work with local government officials to study problems and promote understanding, respect and goodwill among all citizens in all communities in North Carolina.

The Human Relations Commission shall receive, investigate and conciliate fair housing, employment discrimination and public accommodations complaints.

The Human Relations Commission shall submit an annual report by April 1st to the Governor detailing the number of complaints received, the number of investigations completed, and the number of conciliations in the preceding calendar year. This report shall also describe any education and outreach efforts made by the Commission in that same calendar year.
Section 6. State Cause of Action for Wrongful Discharge

I support and encourage the General Assembly to take all necessary steps to restore a State cause of action for wrongful discharge based on unlawful employment discrimination.

Section 7. State or Federal Law

Nothing in this section shall be interpreted as an abrogation of any requirements otherwise imposed by applicable federal or state laws or regulations.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Great Seal of the State of North Carolina at the Capitol in the City of Raleigh, this twelfth day of April in the year of our Lord two thousand and sixteen.

Pat McCrory
Governor

ATTEST:

Alaine F. Marshall
Secretary of State
STATE OF NORTH CAROLINA
DEPARTMENT OF STATE,
RALEIGH, AUGUST 1, 2016

I, ELAINE F. MARSHALL, Secretary of State of North Carolina, hereby certify pursuant to
G.S. 120-34 that the foregoing volume was printed under the direction of the Legislative
Services Commission from ratified acts and resolutions and executive orders of the
Governors on file in the office of the Secretary of State.

This publication includes Session Laws 2016-1 through 2016-123, Resolutions 2016-1
through 2016-23, and Executive Orders 83 through 93 of Governor Pat McCrory.

[Signature]
Secretary of State
THE JOINT CONFERENCE COMMITTEE REPORT
ON THE
BASE, CAPITAL AND EXPANSION BUDGETS

House Bill 1030

North Carolina General Assembly

June 27, 2016
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<td>Information Technology</td>
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General Fund Availability Statement
### General Fund Availability Statement

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<thead>
<tr>
<th>Item</th>
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<tbody>
<tr>
<td>1 Unappropriated Balance</td>
<td>175,488,544</td>
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<tr>
<td>2 Over Collections FY 2015-16</td>
<td>330,200,000</td>
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<tr>
<td>3 Reversions FY 2015-16</td>
<td>420,815,473</td>
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<tr>
<td>4 Earmarkings of Year End Fund Balance:</td>
<td></td>
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<tr>
<td>5 Savings Reserve</td>
<td>(473,616,801)</td>
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<tr>
<td>6 Repairs and Renovations</td>
<td>(81,400,000)</td>
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<tr>
<td>7 Beginning Unreserved Fund Balance</td>
<td>371,487,216</td>
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<tr>
<td>8 Revenues Based on Existing Tax Structure</td>
<td>21,417,900,000</td>
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<tr>
<td>10 Non-tax Revenues</td>
<td></td>
</tr>
<tr>
<td>12 Investment Income</td>
<td>37,500,000</td>
</tr>
<tr>
<td>13 Judicial Fees</td>
<td>242,600,000</td>
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<tr>
<td>14 Disproportionate Share</td>
<td>147,000,000</td>
</tr>
<tr>
<td>15 Insurance</td>
<td>77,000,000</td>
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<tr>
<td>16 Master Settlement Agreement (MSA)</td>
<td>137,400,000</td>
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<tr>
<td>17 Other Non-tax Revenues</td>
<td>178,700,000</td>
</tr>
<tr>
<td>18 Subtotal Non-tax Revenues</td>
<td>810,200,000</td>
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<tr>
<td>19 Adjustment for Medicaid Transformation Fund (S.L. 2015-241)</td>
<td>(160,000,000)</td>
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<tr>
<td>21 Total General Fund Availability</td>
<td>22,449,497,216</td>
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<tr>
<td>23 Adjustments to Availability: 2016 Session</td>
<td></td>
</tr>
<tr>
<td>25 Individual Income Tax - Increase Standard Deduction</td>
<td>(145,000,000)</td>
</tr>
<tr>
<td>26 Sales Tax - Exempt Styrofoam Pellets for Alternative Wastewater System Materials</td>
<td>(1,000,000)</td>
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<tr>
<td>27 Sales Tax - Limit Repair and Maintenance Tax on Airplanes and Boats (Direct Pay Option)</td>
<td>(500,000)</td>
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<tr>
<td>28 Sales Tax - Repeal Automotive Service Contracts (RMI Services Taxable)</td>
<td>(1,800,000)</td>
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<tr>
<td>29 Sales Tax - Modify Base on RMI - Removes Retail/Non-retail Distinction, Applies Capital Improvement Test</td>
<td>22,400,000</td>
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<tr>
<td>30 Sales Tax - Elimination of State Contribution to Local Sales Tax Distribution</td>
<td>17,600,000</td>
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<tr>
<td>31 Mill Machinery Tax - Expand 1%/50c rate to Secondary and Precious Metal Recyclers, Metal Fabricators, and Ports</td>
<td>(8,000,000)</td>
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<tr>
<td>32 Adjustment for Transfer from Treasurer's Office</td>
<td>517,872</td>
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<tr>
<td>33 Adjustment for Transfer from Insurance Regulatory Fund</td>
<td>2,532,502</td>
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<td>34 Adjustment for Transfer from NCGA Special Fund</td>
<td>3,000,000</td>
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<td>35 Subtotal Adjustments to Availability: 2016 Session</td>
<td>(108,049,626)</td>
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<tr>
<td>37 Revised General Fund Availability</td>
<td>22,341,437,590</td>
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<tr>
<td>39 Less General Fund Appropriations</td>
<td>(22,341,437,590)</td>
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<td>41 Unappropriated Balance Remaining</td>
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Summary: General Fund Appropriations
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<tr>
<th>Category</th>
<th>2016-17</th>
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<th>2018-19</th>
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<th>2020-21</th>
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<tr>
<td>Total Enacted Budget</td>
<td>5,307,366,900</td>
<td>5,318,420,100</td>
<td>5,329,480,200</td>
<td>5,340,540,300</td>
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<td>5,329,480,200</td>
<td>5,340,540,300</td>
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<td>Summary of General Fund Appropriations</td>
<td>2016 Legislative Session</td>
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4
Education
Section F
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## Summary of General Fund Appropriations
### Fiscal Year 2016-17
### 2016 Legislative Session

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### Total

| | | $12,457,049,284 | $12,288,061,693 | $5,419,444,614 | $371,492,537 | $57,314,371 | $313,301,909 | $13,015,633,621 | $4,283,654,845 | $6,733,375,580 |

*Public Education*
### Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

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<td>NC Center for the Advancement of Teaching</td>
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<td>-</td>
<td>-</td>
<td>46.50</td>
</tr>
<tr>
<td>1450</td>
<td>K-3 Assessment</td>
<td>11.50</td>
<td>-</td>
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</tr>
<tr>
<td>1500</td>
<td>DPI - Technology Services</td>
<td>94.00</td>
<td>-</td>
<td>-</td>
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<tr>
<td>1600</td>
<td>DPI - Curriculum, Instruction, Accountability &amp; Tech</td>
<td>150.80</td>
<td>-</td>
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<tr>
<td>1640</td>
<td>DPI - Educator Quality and Recruitment</td>
<td>36.69</td>
<td>-</td>
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<td>36.69</td>
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<tr>
<td>1960</td>
<td>DPI - Special Populations</td>
<td>76.70</td>
<td>-</td>
<td>-</td>
<td>76.70</td>
</tr>
<tr>
<td>1960</td>
<td>K-12 Classroom Instruction - SPSF</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>1803</td>
<td>SPSF - Statewide System Ops and Maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1911</td>
<td>Assistance to Districts and Schools - SPSF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1821</td>
<td>SPSF - Ed Innovations - 21st Century Schools</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1830</td>
<td>SPSF - Student and School Support Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1840</td>
<td>SPSF - Teacher Quality and Recruitment</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>1862</td>
<td>NC School for the Deaf</td>
<td>140.00</td>
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<tr>
<td>1863</td>
<td>Famed NC School for the Deaf</td>
<td>123.25</td>
<td>-</td>
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<td>123.25</td>
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<tr>
<td>1864</td>
<td>Governor Morehead School and Preschool</td>
<td>79.75</td>
<td>-</td>
<td>-</td>
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<tr>
<td>1870</td>
<td>SPSF - LEA - Supplemental Benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1900</td>
<td>Reserves and Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1901</td>
<td>Pass-through Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</table>

| Total FTE | 1,158.83 | 2.00 | - | 1,160.83 |
### Conference Report on the Base, Capital, and Expansion Budget

#### Public Education

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th>GENERAL FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Reserve for Salaries and Benefits</strong></td>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td>1 Compensation Increase Reserve - Educators</td>
<td>$100,947,111 R</td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
</tr>
<tr>
<td>Funds salary increases for educators paid in accordance with the statewide teacher salary schedule as well as an experience-based step increase for educators earning a year of creditable experience. Together, these increases provide, on average, a 4.7% increase for educators, and increase the expected average salary for educators from all fund sources to over $50,100 in FY 2016-17. The changes to the teacher salary schedule provide annual salary increases for educators earning a year of creditable service for the first 15 years of experiences. The salary schedule retains the tier-based system for educators with 16 or more years of creditable service. A corresponding special provision provides additional details on the changes to the teacher salary schedule.</td>
<td><strong>$8,419,444,621</strong></td>
</tr>
</tbody>
</table>

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.

| 2 Compensation Increase Reserve - School-based Administrators (SBAs) | $8,443,728 R |
| **Fund Code:** N/A | **$1,910,575 NR** |
| Provides funds for a 1.5% annual recurring salary increase, a 0.5% nonrecurring bonus, and an experience-based step increase for SBAs. A corresponding special provision provides additional details on these compensation adjustments. | **For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.** |

| 3 Compensation Increase Reserve - Other LEA Personnel | $21,032,217 R |
| **Fund Code:** N/A | **$7,010,739 NR** |
| Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State-funded LEA employees. Corresponding special provisions provide additional details on these compensation adjustments. | **For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.** |
## Conference Report on the Base, Capital, and Expansions Budget

### 4 Compensation Bonus Reserve - Non-educator LEA Employees

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$17,242,627 NR</td>
</tr>
</tbody>
</table>

Provides funding for one-time merit-based bonuses for non-educator LEA employees. Each LEA, with guidance from the State Board of Education, shall develop policies for the allocation of merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million.

### 5 Compensation Increase Reserve - DPI

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$1,227,599 R</td>
</tr>
<tr>
<td></td>
<td>$223,588 NR</td>
</tr>
</tbody>
</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. In addition, funds are provided for salary increases for State agency teachers who are paid in accordance with the Statewide teacher salary schedule. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

### 6 State Retirement Contributions - School District Personnel

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$10,594,062 R</td>
</tr>
<tr>
<td></td>
<td>$27,891,094 NR</td>
</tr>
</tbody>
</table>

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

### 7 State Retirement Contributions - DPI

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$143,478 R</td>
</tr>
<tr>
<td></td>
<td>$215,216 NR</td>
</tr>
</tbody>
</table>

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.
Conference Report on the Base, Capital, and Expansion Budget

8 3rd Grade Reading Teacher Performance Pilot Program

Fund Code: N/A

$10,000,000 NR

Funds a new 3rd grade reading teacher performance pilot program. This 2-year pilot program will provide bonuses to the top 25% of 3rd grade reading teachers statewide and the top 25% of 3rd grade reading teachers within each school district (LEA) based on each teacher’s Education Value-Added Assessment System (EVAAS) student growth index score for reading from the prior school year. A corresponding special provision provides additional program details. The revised net appropriation for the 3rd Grade Reading Teacher Performance Pilot program is $10.0 million.

B. Technical Adjustments

9 Average Daily Membership (ADM)

Fund Code: N/A

$46,781,057 R

Adjusts total requirements in multiple public schools funding allotments to account for a net ADM increase of 5,675. The adjustment includes revisions to all position, dollar, and categorical allotments.

Total allotted public schools ADM for FY 2016-17 is 1,543,518.

10 Noninstructional Support Personnel

Fund Code: 1600

($57,316,379) R

Budgets additional Lottery receipts for the noninstructional support personnel allotment. Total requirements for this allotment remain the same at $372,266,960, and this allotment will now be fully receipt-supported. The revised net appropriation for noninstructional support personnel is $0.

11 Exceptional Children Headcount

Fund Code: 1660

($8,349,715) R

Adjusts funding for the Children with Disabilities preschool and school-age allotments to reflect actual student headcount. This adjustment revises budgeted funding for both preschool and school-age children with special needs to reflect the April 1, 2016 headcount and does not modify per-student funding.

C. Public School Funding Adjustments

12 Advanced Placement/International Baccalaureate Teacher Bonuses

Fund Code: 1800

$4,300,000 NR

Provides funding to support a 2-year pilot program that will make a $50 bonus payment to teachers of record for students taking either Advanced Placement (AP) or International Baccalaureate (IB) courses and achieving a certain grade on AP or IB examinations. Bonuses shall be awarded to teachers of Advanced Placement courses for students who earn scores of 3 or higher on AP exams and to teachers of IB Diploma Programme courses for students who score 4 or higher on IB exams. The revised net appropriation for Advanced Placement/International Baccalaureate teacher bonuses is $4.3 million.
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>13</th>
<th>Career and Technical Education (CTE) Teacher Bonuses</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fund Code: 1000</td>
<td>$900,000</td>
</tr>
<tr>
<td></td>
<td>Provides funding to support a 2-year pilot program that will make a $25 or $50 bonus payment to teachers of record for students that complete a CTE class and pass a related examination leading to industry certifications and/or credentials. The State Board of Education (SBE) shall rank each industry certification based on academic rigor and employment value in order to classify eligibility for $25 and $50 teacher bonuses. The revised net appropriation for CTE teacher bonuses is $900,000.</td>
<td></td>
</tr>
</tbody>
</table>

| 14 | Instructional Supplies                             | $2,500,000 |
|    | Fund Code: 1800                                    | R         |
|    | Provides additional support for the instructional materials, supplies and equipment (instructional supplies) allotment. The revised net appropriation for instructional supplies is $47.0 million. |

| 15 | Advanced Placement Summer Professional Development Institutes | $126,000 |
|    | Fund Code: 1000                                      | NR        |
|    | Provides support to the North Carolina AP partnership to pay for at least 1 teacher from every LEA to participate in summer professional development institutes. The revised net appropriation for the AP partnership is $1.0 million. |

| 16 | Digital Learning Plan                              | $4,000,000 |
|    | Fund Code: 1000                                    | R         |
|    | Provides funds to accelerate implementation of several components of the State's Digital Learning Plan (DLP) for public schools. Funds will support DLP management, school and district leadership development, teacher professional development, mobile device management and digital literacy skills evaluation. The revised net appropriation for DLP activities is $4.7 million. |

| 17 | Textbooks and Digital Materials                    | $10,000,000 |
|    | Fund Code: 1800                                    | NR        |
|    | Provides additional funds for the textbooks and digital materials allotment. LEAs may utilize funds from this allotment to purchase digital content made available by the Department of Public Instruction (DPI) through its Home Base system. The revised net appropriation for textbooks and digital materials is $171.5 million. |

| 18 | At-Risk Student Supplemental Funding (At-Risk)     | ($4,784,539) |
|    | Fund Code: 1000                                    | R         |
|    | Reduces funding set aside to support grants to 17 after-school providers from the at-risk allotment. The revised net appropriation for the after-school provider grant program is $3.1 million. A related provision specifies the allocation of funds within the after-school provider grant program. Base allotment funding to LEAs for the at-risk allotment remains unchanged with a net appropriation of $294.8 million. The revised net appropriation for the at-risk allotment is $287.9 million. |

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Public Education

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Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>19 Central Office Administration</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1010</td>
<td>($2,500,000)</td>
</tr>
<tr>
<td>Reduced funding for the central office administration allotment by 2.6%. This allotment supports the salary and benefits of LEA administrative personnel such as superintendents, assistant superintendents, and finance officers. The revised net appropriation for the central office administration allotment is $92.6 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20 Transportation</th>
<th>($2,000,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1630</td>
<td></td>
</tr>
<tr>
<td>Reduced the diesel fuel component of this allotment on the basis of adjusting the budgeted price per gallon from $2.17 to $2.09 to reflect lower projected diesel fuel costs. The revised net appropriation for the transportation allotment is $399.4 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21 Panic Alarms</th>
<th>($900,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1630</td>
<td>$100,000</td>
</tr>
<tr>
<td>Modified funding to reflect the anticipated completion of the last phase of panic alarm installation that began in FY 2013-14, as authorized by S.L. 2013-360. Nonrecurring funds are provided to complete the last panic alarm installations in FY 2016-17. Recurring funding will no longer be required to complete the installation of the alarms after the end of this biennium. The revised net appropriation for panic alarms is $100,000.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Teacher Compensation Models and Advanced Teaching Roles</th>
<th>$1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1500</td>
<td>$100,000</td>
</tr>
<tr>
<td>Creates a new 3-year pilot program to be administered by the SBE. The pilot will support LEA efforts to create the organization structure and innovative compensation methods that would allow classroom teachers to take on advanced teaching roles. The revised net appropriation for the teacher compensation models and advanced teaching roles pilot program is $1.1 million, $100,000 of which is nonrecurring.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>23 North Carolina Educational Endowment Fund</th>
<th>$5,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1600</td>
<td></td>
</tr>
<tr>
<td>Provides funding for the North Carolina Educational Endowment Fund (Fund). The purpose of the Fund is to support teacher compensation that is related directly to improving student academic outcomes in the State's public schools. The revised net appropriation for the Fund is $5.0 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>24 Teacher Assistants Tuition Reimbursement Program</th>
<th>$112,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1000</td>
<td></td>
</tr>
<tr>
<td>Provides funding for the Teacher Assistants Tuition Reimbursement program, an initiative to provide tuition reimbursement of up to $4,500 annually for 25 teacher assistants in Anson, Franklin, Moore, Richmond, and Scotland Counties that are employed by those LEAs and are pursuing a college degree that will result in teacher licensure. The revised net appropriation for the Teacher Assistants Tuition Reimbursement program is $112,500.</td>
<td></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

25 Triangle Literacy Council
Fund Code: 1501
Provides support to the Triangle Literacy Council to establish new juvenile literacy centers to serve court-involved or otherwise at-risk youth. The revised net appropriation for the Triangle Literacy Council is $590,000.

26 Muddy Sneakers
Fund Code: 1501
Provides funds to Muddy Sneakers to support and expand its experiential learning programs to improve the science aptitude of 25th graders through supplemental, hands-on field instruction of the State science standards. The revised net appropriation for Muddy Sneakers is $500,000.

27 Communities in Schools of Cape Fear
Fund Code: 1501
Provides funds to support the intervention programs and services provided by Communities in Schools of Cape Fear (CISCF) to address the needs of public school students at risk of grade-level retention and dropout from school. The revised net appropriation for CISCF is $50,000.

F. Department of Public Instruction
28 Department of Public Instruction
Fund Code: N/A
Reduces net appropriation support for DPI by 0.6%. The SBE may allocate this reduction at its discretion, subject to the parameters of a related provision. The revised net appropriation for DPI operations is $444.6 million.

29 State Board of Education Legal Services
Fund Code: 1000
Provides funding to support the establishment of an attorney and a paralegal position to support additional requirements related to S.B. 867, 2016 Session of the 2015 Regular Session. Protect Students in Schools. This item is contingent upon S.B. 867 becoming law. If S.B. 867 does not become law, these funds shall not be spent and shall revert to the General Fund. The revised net appropriation for Legal Services would be $740,176.

30 Licensure System Update
Fund Code: 1500
Provides funding to update the DPI Online Licensure System for additional requirements related to S.B. 867, 2016 Session of the 2015 Regular Session. Protect Students in Schools. This item is contingent upon S.B. 867 becoming law. If S.B. 867 does not become law, these funds shall not be spent and shall revert to the General Fund. The revised net appropriation for Legal Services would be $250,000.
### Conference Report on the Base, Capital, and Expansion Budget

#### FY 16-17

<table>
<thead>
<tr>
<th>31 Alternative Teacher Preparation Pilot Program</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code:</td>
<td>1500</td>
</tr>
<tr>
<td>Provides funding to support up to 5 local alternative teacher preparation pilot programs and for an independent research organization to evaluate the effectiveness of those programs newly authorized in this Act. Up to $200,000 shall be reserved for the evaluation and at least $500,000 shall be available to allocate equally amongst the participating pilot programs. The revised net appropriation for the alternative teacher preparation pilot program is $500,000.</td>
<td>$500,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Legislative Changes</strong></td>
<td>$230,071,120</td>
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<tr>
<td><strong>Total Position Changes</strong></td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>$8,733,375,610</td>
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# General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th><strong>Enacted Budget</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$1,480,340,859</td>
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<tr>
<td>Receipts</td>
<td>$414,445,339</td>
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<tr>
<td>Net Appropriation</td>
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<table>
<thead>
<tr>
<th><strong>Legislative Changes</strong></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$13,618,455</td>
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<tr>
<td>Receipts</td>
<td>($16,476,737)</td>
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<tr>
<td>Net Appropriation</td>
<td>$30,095,192</td>
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<table>
<thead>
<tr>
<th><strong>Revised Budget</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$1,493,959,314</td>
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<tr>
<td>Receipts</td>
<td>$397,868,602</td>
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<tr>
<td>Net Appropriation</td>
<td>$1,095,990,712</td>
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## General Fund FTE

<table>
<thead>
<tr>
<th><strong>Enacted Budget</strong></th>
<th>192.50</th>
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<tbody>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>3.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>195.50</td>
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</table>
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Community Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Code 12080</td>
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<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
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</thead>
<tbody>
<tr>
<td>1100</td>
<td>Executive Division</td>
<td>3,590,759</td>
<td>365,281</td>
<td>3,227,478</td>
<td>6,565,937</td>
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<tr>
<td>1200</td>
<td>Technology Solutions and Distance Learning</td>
<td>15,469,789</td>
<td>479,789</td>
<td>15,469,360</td>
<td>-</td>
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<tr>
<td>1300</td>
<td>Finance and Operations</td>
<td>3,595,176</td>
<td>486,682</td>
<td>3,108,404</td>
<td>-</td>
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<tr>
<td>1400</td>
<td>Academic and Student Services</td>
<td>6,657,848</td>
<td>3,762,851</td>
<td>2,744,797</td>
<td>8,650,648</td>
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<tr>
<td>1600</td>
<td>State Aid - Institutions</td>
<td>22,725,875</td>
<td>22,725,875</td>
<td>213,735</td>
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<tr>
<td>1620</td>
<td>Curriculum Instruction</td>
<td>706,675,006</td>
<td>354,200,199</td>
<td>352,884,867</td>
<td>110,000</td>
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<tr>
<td>1621</td>
<td>Basic Skill Instruction</td>
<td>73,760,384</td>
<td>16,242,980</td>
<td>57,517,404</td>
<td>73,760,384</td>
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<tr>
<td>1622</td>
<td>Continuing Education and Workforce Development</td>
<td>107,452,625</td>
<td>17,427,920</td>
<td>90,025,005</td>
<td>-</td>
</tr>
<tr>
<td>1623</td>
<td>Equipment and Instructional Resources</td>
<td>51,962,762</td>
<td>51,962,762</td>
<td>6,020,000</td>
<td>-</td>
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<tr>
<td>1624</td>
<td>Specialized Centers and Programs</td>
<td>14,250,287</td>
<td>3,542,792</td>
<td>10,706,475</td>
<td>4,125,000</td>
</tr>
<tr>
<td>1625</td>
<td>Institutional and Academic Support</td>
<td>514,032,959</td>
<td>1,011,893</td>
<td>513,021,067</td>
<td>1,553,733</td>
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<tr>
<td>1900</td>
<td>Reserves and Transfers</td>
<td>41,206,213</td>
<td>18,637,442</td>
<td>(58,139,654)</td>
<td>12,447,537</td>
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</table>

### Department-wide Items

<table>
<thead>
<tr>
<th>Item</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Compensation Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>N/A</td>
<td>State Retirement Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
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### Undesignated

<table>
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<tr>
<th>Item</th>
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<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>Enrollment Adjustment</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total: $1,488,340,810 $144,445,338 $1,085,895,520 $13,618,455 $1,493,959,314 $397,968,002 $1,095,997,717
Community Colleges

<table>
<thead>
<tr>
<th>Legislative Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Reserve for Salaries and Benefits</strong></td>
</tr>
<tr>
<td>32 Compensation Increase Reserve - Community Colleges</td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td><strong>$1,066,086,520</strong></td>
</tr>
<tr>
<td><strong>$10,000,000</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>Reallocation of $10 million appropriated in the 2015 Appropriations Act for Community College personnel salary adjustments to the Community College's FY 2016-17 Compensation Increase Reserve.</strong></td>
</tr>
<tr>
<td>33 Compensation Increase Reserve - Community Colleges</td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>$17,034,551</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $17.0 billion, an increase of over $300 million for FY 2016-17.</strong></td>
</tr>
<tr>
<td>34 Compensation Increase Reserve - System Office</td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>$223,637</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $17.0 billion, an increase of over $300 million for FY 2016-17.</strong></td>
</tr>
<tr>
<td>35 State Retirement Contributions - Community Colleges</td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>$2,955,674</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for retirement contributions is $2.9 billion, an increase of over $300 million for FY 2016-17.</strong></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

36 State Retirement Contributions - System Office

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>$38,797 R</td>
</tr>
</tbody>
</table>

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported state-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $73.0 million for FY 2016-17.

B. Technical and Formula Adjustments

37 Enrollment Growth Adjustment

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>($29,208,370) R</td>
</tr>
</tbody>
</table>

Adjusts funds for FY 2016-17 based on the decline in Community College System enrollment.

The Community College System total enrollment declined by 6,578 Full-Time Equivalent (FTC) students (4.1%) from the budgeted amount in the FY 2016-17 certified budget for a savings of $26.2 million.

38 Multi-Campus Centers

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1625</td>
<td>$1,553,733 R</td>
</tr>
</tbody>
</table>

Provides funds to operate 3 new Multi-Campus Centers scheduled to open in FY 2016-17. Funding will support centers for Asheville-Buncombe Technical Community College, Durham Technical Community College, and Mitchell Community College. Each center will receive a $517,911 allocation. The revised net appropriation for Multi-Campus Centers is $20.4 million.

39 Restore Management Flexibility Reduction

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
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</thead>
<tbody>
<tr>
<td>1600</td>
<td>$6,051,722 R</td>
</tr>
</tbody>
</table>

Provides funds to restore a portion of the management flexibility reduction. The management flexibility reduction is reduced by 11%. The revised net appropriation for the management flexibility reduction is $49.8 million.

C. Other Adjustments

40 Connect NC Bond Administration

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1300</td>
<td>$191,735 R</td>
</tr>
</tbody>
</table>

Provides funding to administer the Connect NC Bond program within the Community College System Office. The Community College System will receive $350 million through the Connect NC Bond for facility construction and renovation. The funds will support 3 positions and related software licenses. The revised net appropriation for Connect NC Bond administration is $213,735.

41 Youth Apprenticeship Tuition Waiver

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>1620</td>
<td>$110,000 R</td>
</tr>
</tbody>
</table>

Provides funds to offset the reduction in tuition receipts for granting a tuition waiver for certain students participating in youth apprenticeship programs. The revised net appropriation for the youth apprenticeship tuition waiver is $110,000.

Community Colleges
## Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>42 Equipment</th>
<th>Fund Code: 1C23</th>
<th>$6,000,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds for the purchase of instructional equipment and technology at all 58 colleges. These funds are in addition to the $480.0 million included in the enacted budget for this purpose. Funds shall be distributed in accordance with the existing equipment allocation formula. The revised net appropriation for equipment is $550.0 million for FY 2016-17.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>43 Local Government Finance Officer Training</th>
<th>Fund Code: 1C24</th>
<th>$25,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides nonrecurring funding to create a continuing education program for finance officers in local governments and public authorities. Funding will be used for curriculum development and evaluation. The revised net appropriation for Local Government Finance Officer Training is $25,000.</td>
<td></td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>44 Mitchell Community College Site Preparation</th>
<th>Fund Code: 1D20</th>
<th>$200,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds to Mitchell Community College for site development at the former Davis Hospital site. An additional $250,000 is provided for asbestos abatement at the site in the Office of State Budget and Management/Special Appropriations section. The revised net appropriation for Mitchell Community College site preparation is $200,000.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>45 Gaston Community College Center For Advanced Manufacturing</th>
<th>Fund Code: 1D04</th>
<th>$3,400,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds for the Gaston Community College Center for Advanced Manufacturing to be used for capital and equipment. The revised net appropriation for the Gaston Community College Center for Advanced Manufacturing is $3.4 million.</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>46 Competency-Based Education Incubator</th>
<th>Fund Code: 1C24</th>
<th>$500,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides nonrecurring funding to support development of competency-based education programs and a uniform system for granting credit for prior learning. Partners in this pilot include Central Piedmont Community College, Forsyth Technical Community College, Stanly Community College, Wake Technical Community College, and the North Carolina Community College System Office. The revised net appropriation for the Competency-Based Education Incubator is $500,000 for FY 2016-17.</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
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<tbody>
<tr>
<td>Total Position Changes</td>
<td>$33,253,619</td>
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<tr>
<td>Revised Budget</td>
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</table>

Community Colleges

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768
### UNC System
#### Multiple Budget Codes

<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$4,400,355,967</td>
</tr>
<tr>
<td>Receipts</td>
<td>$1,717,048,040</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$2,683,307,927</strong></td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
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<tr>
<td>Requirements</td>
<td>$188,291,669</td>
</tr>
<tr>
<td>Receipts</td>
<td>$19,311,475</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$168,980,194</strong></td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$4,588,647,636</td>
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<tr>
<td>Receipts</td>
<td>$1,736,359,515</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$2,852,288,121</strong></td>
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<table>
<thead>
<tr>
<th>General Fund FTE</th>
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<tr>
<td>Enacted Budget</td>
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<td>Revised Budget</td>
<td>34,764.58</td>
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</table>
# Summary of General Fund Appropriations
## Fiscal Year 2016-17
### 2016 Legislative Session

## UNC System

<table>
<thead>
<tr>
<th>Slg Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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<tr>
<td>10110</td>
<td>UNC-Board of Governors - Institutional</td>
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<tr>
<td>10120</td>
<td>UNC-RCO-Related Educational Programs</td>
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<tr>
<td>10130</td>
<td>Arts &amp; Humanities</td>
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<tr>
<td>10140</td>
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<tr>
<td>10201</td>
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<tr>
<td>10202</td>
<td>UNC-Chapel Hill - Area Health Education Center</td>
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<tr>
<td>10210</td>
<td>North Carolina State University - Academic</td>
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<tr>
<td>10220</td>
<td>NC State University - Agricultural Research</td>
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<tr>
<td>10230</td>
<td>NC State University - Cooperative Extension Service</td>
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<td>10300</td>
<td>UNC-Greensboro</td>
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<td>10310</td>
<td>UNC-Chapel Hill</td>
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<td>UNC-Athletics</td>
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<td>UNC-Wilmington</td>
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<td>10350</td>
<td>East Carolina University - Academic</td>
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<tr>
<td>10390</td>
<td>East Carolina University - Health Affairs</td>
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<td>UNC Agricultural and Technical State University</td>
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<td>10430</td>
<td>Meredith State University</td>
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<td>Appalachian State University</td>
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<td>10470</td>
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<tr>
<td>10550</td>
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<td>Western Carolina University</td>
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<td>Eastern City State University</td>
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<tr>
<td>10650</td>
<td>UNC School of the Arts</td>
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<tr>
<td>10660</td>
<td>UNC School of Science and Mathematics</td>
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</table>

<table>
<thead>
<tr>
<th>Department-wide Items</th>
<th></th>
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<tr>
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<td>50</td>
<td>State Retirement Contributions</td>
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<td>8,350</td>
</tr>
</tbody>
</table>

| Total | 4,406,555,987 | $1,717,019,050 | $2,683,307,037 | 188,291,668 | $19,315,473 | 188,080,194 | $4,585,642,636 | $1,736,359,515 | $2,852,288,115 |

---

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# Summary of General Fund Appropriations
## Fiscal Year 2016-17
### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Bldg Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes</th>
<th>Revised Total Requirements</th>
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<td>16094</td>
<td>NC School of Science and Mathematics</td>
<td>219.35</td>
<td>1.00</td>
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</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td><strong>34,763.58</strong></td>
<td><strong>1.00</strong></td>
<td>-</td>
<td><strong>34,764.58</strong></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

UNC System

<table>
<thead>
<tr>
<th>A. Reserve for Salaries and Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 Compensation Increase Reserve</td>
</tr>
<tr>
<td>Budget Code: N/A</td>
</tr>
<tr>
<td>Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
</tr>
<tr>
<td>48 Compensation Bonus Reserve - UNC EHRA</td>
</tr>
<tr>
<td>Budget Code: N/A</td>
</tr>
<tr>
<td>Provides funding for one-time merit-based bonuses for State employees. The Board of Governors shall develop policies for the allocation of merit-based bonuses to EHRA employees. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million.</td>
</tr>
<tr>
<td>49 State Retirement Contributions - TSERS Members</td>
</tr>
<tr>
<td>Budget Code: N/A</td>
</tr>
<tr>
<td>Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $73.0 million for FY 2016-17.</td>
</tr>
</tbody>
</table>
### Conference Report on the Base, Capital, and Expansion Budget

#### 50 State Retirement Contributions - ORP Members
- **Budget Code:** NA
- **FY 16-17:** ($340,923) R
- Decreases the State’s contribution for members of the Optional Retirement Program (ORP) to match the actuarially determined contribution for the Disability Income Plan. The revised net appropriation for members of ORP is approximately $145.6 million.

#### 51 Enrollment Growth Adjustments
- **Budget Code:** 10211
- **FY 16-17:** $31,000,000 R
- Provides additional funds for projected enrollment growth in the University of North Carolina (UNC) System. Total enrollment is projected to be 206,139 Full-Time Equivalent (FTE) students, a 1.5% increase over FY 2015-16’s total enrollment of 203,014 FTE.

#### 62 Enrollment Growth Performance Funding
- **Budget Code:** 10011
- **FY 16-17:** ($1,000,000) R
- Eliminates enrollment growth performance funding for UNC that was originally appropriated in FY 2011-12. The revised net appropriation for Enrollment Growth Performance Funding is $0.

#### C. Other Adjustments

#### 53 UNC Teacher and Principal Preparation Program Lab School Administration
- **Budget Code:** 10010
- **FY 16-17:** $1,000,000 NR
- Funds UNC General Administration to provide administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program. The funds shall be used to provide lab school start-up assistance to constituent institutions with educator preparation programs. The revised net appropriation for UNC Teacher and Principal Preparation Program Lab School Administration is $1.0 million.

#### 54 Internships and Career-Based Opportunities for HBCU Students
- **Budget Code:** 10011
- **FY 16-17:** $183,000 NR
- Expands, on a nonrecurring basis, the internship program for students attending Historically Black Colleges and Universities (HBCU). The revised net appropriation for the HBCU Internship Program is $500,500.

#### 55 Supports for Part-Time Home Students
- **Budget Code:** 10011
- **FY 16-17:** $2,300,000 NR
- Provides funds for technology and academic support strategies in order to recruit, retain, and graduate students who have not finished their baccalaureate degree. The revised net appropriation for part-time home student supports is $2.3 million.

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UNC System

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Conference Report on the Base, Capital, and Expansion Budget

56 Advancement Activity Limitations
Budget Code: 10011
Restores funds due to the elimination of the cap on the amount of General Funds used for advancement activities. S.L. 2015-268 prohibited more than $1.0 million of General Funds to be used toward advancement activities per campus effective beginning in FY 2015-17. A corresponding special provision repeals that cap. The revised net appropriation for advancement activities is $36.5 million.

57 Management Flexibility Reduction
Budget Code: 10011
($16,354,396) R
Increases the management flexibility reduction for the UNC operating budget. The UNC Board of Governors shall not allocate the reduction on an across-the-board basis to constituent institutions. The revised net appropriation for the FY 2016-17 management flexibility reduction is $22.8 million.

58 UNC Core
Budget Code: 10020
($1,000,000) R
$1,000,000 NR
Converts State funding to nonrecurring status for UNC Core, a distance education program for active duty service members and veterans administered by the Friday Center for Continuing Education at UNC-Chapel Hill. The net appropriation for UNC Core remains unchanged for FY 2016-17 but will be $50 for FY 2017-18.

59 North Carolina Policy Collaboratory
Budget Code: 10020
$1,000,000 R
Provides operational funds for the newly established North Carolina Policy Collaboratory at UNC-Chapel Hill. The Collaboratory will conduct and disseminate research related to natural resources management for State and local government. In addition to funding provided in the Education section of the budget, $3.5 million for the Collaboratory is included in the Office of State Budget and Management Special Appropriations section to be matched by non-State funds. The revised net appropriation for the North Carolina Policy Collaboratory is $4.5 million.

60 Jordan Lake Study
Budget Code: 10020
$500,000 R
Provides $500,000 to the Chief Sustainability Officer at UNC-Chapel Hill to designate an entity to study nutrient management strategies. The revised net appropriation for the Jordan Lake Study is $500,000.

61 Western School of Medicine - Asheville
Budget Code: 10021
$3,000,000 R
Provides funds for the UNC School of Medicine's Asheville Campus, a joint program between the UNC School of Medicine and the Mountain Area Health Education Center. Funding will support administration, faculty, and related programs. The revised net appropriation for the Western School of Medicine is $3.0 million.

UNC System
<table>
<thead>
<tr>
<th>Conference Report on the Base, Capital, and Expansion Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>62 North Carolina State University (NCSU) - Agriculture Institute</strong></td>
</tr>
<tr>
<td>Budget Code: 10030</td>
</tr>
<tr>
<td>Provides funding for NCSU’s Agriculture Institute for increased student support, recruitment, and marketing. The revised net appropriation for the Agriculture Institute for student support, recruitment, and marketing is $200,000.</td>
</tr>
<tr>
<td><strong>63 East Carolina University: Medical School Sustainability Funds</strong></td>
</tr>
<tr>
<td>Budget Code: 10006</td>
</tr>
<tr>
<td>(4,000,000) NR</td>
</tr>
<tr>
<td>Converts half of the State budget sustainability funds for the Brody School of Medicine to recurring status. The funds are to provide support for the school due to lost revenue. The revised net appropriation for East Carolina University Health Affairs remains $73.5 million in FY 2016-17.</td>
</tr>
<tr>
<td><strong>64 UNC-Pembroke Video Surveillance Upgrades</strong></td>
</tr>
<tr>
<td>Budget Code: 10002</td>
</tr>
<tr>
<td>Provides funds to expand and upgrade video surveillance systems on the UNC-Pembroke campus. The revised net appropriation for UNC-Pembroke video surveillance upgrades is $675,000.</td>
</tr>
<tr>
<td><strong>65 Elizabeth City State University (ECSU) Marketing</strong></td>
</tr>
<tr>
<td>Budget Code: 10086</td>
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<tr>
<td>Provides funds to ECSU for marketing the NC Promise Tuition “Buy Down” Program. The revised net appropriation for the ECSU NC Promise Tuition “Buy Down” Program marketing is $220,000.</td>
</tr>
<tr>
<td><strong>66 Western School of Engineering and Technology</strong></td>
</tr>
<tr>
<td>Budget Code: 10004</td>
</tr>
<tr>
<td>$900,000 1.00</td>
</tr>
<tr>
<td>Provides funds for project management and curriculum development at the Western School of Engineering and Technology, which was funded in 2016 in the Connect NC Bond. An additional position, based in Morganton, NC, will provide construction management of the project. Additional funds will provide for curriculum development for the new school. The revised net appropriation for the Western School of Engineering and Technology is $930,000.</td>
</tr>
<tr>
<td><strong>D. Financial Aid Adjustments</strong></td>
</tr>
<tr>
<td><strong>67 Cheatham-White Scholarships</strong></td>
</tr>
<tr>
<td>Budget Code: 10012</td>
</tr>
<tr>
<td>Provides funds to administer a new scholarship program at North Carolina Central University (NCCU) and North Carolina Agricultural and Technical State University (NCA&amp;T) to be called the Cheatham-White Scholarships. The full scholarships will fund up to 50 students at each university beginning in the Fall 2016 semester. NCCU and NCA&amp;T will be required to match the General Fund appropriation. The revised net appropriation for the Cheatham-White Scholarships is $300,000.</td>
</tr>
<tr>
<td><strong>68 Principal Preparation</strong></td>
</tr>
<tr>
<td>Budget Code: 10015</td>
</tr>
<tr>
<td>Provides additional funds for the Principal Preparation Program. The program provides competitive grants for school leadership development. The revised net appropriation for the Principal Preparation Program is $4.5 million.</td>
</tr>
</tbody>
</table>

**UNC System**
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>69 Special Education Scholarships</td>
<td>$5,800,000</td>
</tr>
<tr>
<td>Budget Code: 16015</td>
<td>R</td>
</tr>
<tr>
<td>Increases funding for Special Education Scholarships by 137%. The program provides scholarship grants of up to $4,000 per semester for eligible students. The revised net appropriation for Special Education Scholarships is $10.0 million.</td>
<td></td>
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<tr>
<td>70 Opportunity Scholarship Grant Fund Reserve</td>
<td>$34,840,000</td>
</tr>
<tr>
<td>Budget Code: 16015</td>
<td>NR</td>
</tr>
<tr>
<td>Establishes an Opportunity Scholarship Grant Fund Reserve in order to shift the program to forward funding. The Reserve will be used to fund scholarships for the subsequent fiscal year. The revised net appropriation for the Opportunity Scholarship Grant Fund Reserve is $34.8 million.</td>
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<tr>
<td>Total Legislative Changes</td>
<td>$92,719,978</td>
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<td>Total Position Changes</td>
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<td>Revised Budget</td>
<td>$2,952,288,121</td>
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UNC System

Page 24
Health and Human Services
Section G
### General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th></th>
<th>Requirements</th>
<th>Receipts</th>
<th>Net Appropriation</th>
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<td>Net Appropriation</td>
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### General Fund FTE

|                                |                |
|                                | 745.76         |
| Enacted Budget                 |                |
| Legislative Changes            | 3.00           |
| Revised Budget                 | 748.76         |

Health and Human Services
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Revised Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
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<td>1110</td>
<td>Service Support-Administration</td>
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<td>1120</td>
<td>Service Support-Center Management</td>
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<td>Service Support-Auditors Office</td>
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<td>ORIM-Information Services</td>
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<td>1160</td>
<td>ORIM-Planning and Development</td>
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<td>1180</td>
<td>HC Council on Developmental Disabilities</td>
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<td>1220</td>
<td>Service Support - Medicaid Right Triage System</td>
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<td>1280</td>
<td>Central Regional Maintenance - SR</td>
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<tr>
<td>1310</td>
<td>Rural Hospital - Assistance</td>
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<tr>
<td>1320</td>
<td>Rural Health Capacity Building</td>
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<tr>
<td>1410</td>
<td>Primary Care Safety Net Infrastructure</td>
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<tr>
<td>1440</td>
<td>Rural Health Centers</td>
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<tr>
<td>1850</td>
<td>Telemedicine</td>
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<tr>
<td>1860</td>
<td>Prehospital Assistance</td>
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<td>1200</td>
<td>Correction Assistance</td>
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<td>HC Farmworker Health</td>
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<td>Community Care HVC</td>
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<td>Services for the Uninsured</td>
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<td>Reserve for Transfers</td>
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<td>1209</td>
<td>Reserve for Retirement Contributions</td>
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</table>

### Health and Human Services
Page 2
# Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Net Appropriation</th>
<th>Receipts</th>
<th>Revised Total Requirements</th>
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</thead>
<tbody>
<tr>
<td>1119</td>
<td>Service Support-Administration</td>
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<td>1121</td>
<td>Service Support-Controllers Office</td>
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<tr>
<td>1122</td>
<td>DIRM-Information Services</td>
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<tr>
<td>1123</td>
<td>DIRM-Planning and Development</td>
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<tr>
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<td>NC Council on Developmental Disabilities</td>
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<td>Service Support - Medicaid Mgmt Info System</td>
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<td>1126</td>
<td>Central Regional Maintenance - Dix</td>
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<tr>
<td>1161</td>
<td>Rural Hospital - Assistance</td>
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<tr>
<td>1162</td>
<td>Rural Health Capacity Building</td>
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<tr>
<td>1163</td>
<td>Primary Care Safety Net Infrastructure</td>
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<tr>
<td>1164</td>
<td>Rural Health Centers</td>
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<tr>
<td>1168</td>
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<td>1372</td>
<td>Community Care of NC</td>
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<tr>
<td>1373</td>
<td>Services for the Uninsured</td>
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<tr>
<td>1810</td>
<td>Reserves and Transfers</td>
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<tr>
<td>1991</td>
<td>Indirect Cost - Reserve</td>
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<tr>
<td>1992</td>
<td>Prior Year - Earned Revenue</td>
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</table>

**Total FTE**

745.76  3.00  -  748.76
Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$130,033,283</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
</tr>
</thead>
</table>

(1.0) Division of Central Management and Support

1. Compensation Increase Reserve
   - Fund Code: N/A
   - R: $526,716
   - NR: $175,572
   - Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.
   - For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

2. State Retirement Contributions
   - Fund Code: N/A
   - R: $913,377
   - NR: $137,065
   - Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.
   - For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

3. Miscellaneous Contractual Services
   - Fund Code: 1910
   - (R: $3,200,000)
   - NR
   - Continues a reduction for miscellaneous contracts implemented in FY 2014-15 on a department-wide basis.

Health and Human Services
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Section Title</th>
<th>Fund Code</th>
<th>FY 16-17</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4 County Department of Social Services Improve Medicaid Timeliness</strong></td>
<td>120</td>
<td>$143,215</td>
<td>R</td>
</tr>
<tr>
<td>Provides 3 Business System Analyst positions to interpret Medicaid data by combining and analyzing diverse types of data from several data warehouses to extract actionable data discoveries and new trend analytics. These positions will develop performance standards for county departments of social services (CSS) offices, monitor the data to measure performance, and provide better guidance to county CSS offices on how to improve the timeliness and accuracy of Medicaid eligibility determinations. These positions can also assist in training county CSS offices on how to effectively use NC FAST data to manage the Medicaid eligibility determination workload. The revised net appropriation for Fund 1120 Service Support - Central Management is $14.6 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5 NC MediAssist Program</strong></td>
<td>1320</td>
<td>$200,000</td>
<td>NR</td>
</tr>
<tr>
<td>Provides funds for a pharmacy program that provides access to prescription medications, patient support, advocacy and related services to indigent and uninsured North Carolina residents. The revised net appropriation for Fund 1320 Prescription Assistance is $2.7 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6 NC FAST Next Phase</strong></td>
<td>2411</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgets federal receipts of $12,637,255 and prior year earned revenue of $1,569,017 for NC FAST to implement client self-service functionality, including secure inbox, document upload, renewals, online appeals, a Quality Assurance Manager, and increased reporting. The revised net appropriation remains unchanged at $13 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7 Graduate Medical Education</strong></td>
<td>1910</td>
<td>$7,700,000</td>
<td>R</td>
</tr>
<tr>
<td>Supports the establishment of a residency program at Cape Fear Valley Medical Center that is affiliated with Campbell University Medical School. This appropriation replaces an anticipated loss of Medicare revenue as a result of the hospital’s future reclassification as a rural hospital by the Centers for Medicare and Medicaid Services. The amount of the net appropriation is based on a calculation of the actual reduction in Medicare payments due to the reclassification to a rural hospital, less $3.0 million from private donations. The maximum paid to Cape Fear Valley Hospital shall not exceed $7.7 million. The revised net appropriation for Graduate Medical Education at Cape Fear Valley Medical Center is $7.7 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Health and Human Services**

Page 5
<table>
<thead>
<tr>
<th>Conference Report on the Base, Capital, and Expansion Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>8 Health Analytics Pilot</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1122</td>
</tr>
<tr>
<td>Provides funds for a pilot to integrate new data sources, such as patient-level HealthCare Effectiveness Data and Information Set (HEDIS) quality measures; automate reporting and analytic capabilities; integrate a tool to construct and analyze claims as clinical episodes of care to fit into reform; and help the State move to value-based purchasing arrangements. The revised net appropriation for the Health Analytics Pilot is $1.5 million.</td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td>$1,250,000</td>
</tr>
<tr>
<td>NR</td>
</tr>
<tr>
<td><strong>9 Data Analytics and Performance Enhancement</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1122</td>
</tr>
<tr>
<td>Provides funds to continue the State's investment in its data analytics capabilities. This item replaces current hardware and moves toward an enterprise solution with enhanced performance and technical support. The revised net appropriation for Fund 1122 DIRM - Information System Services is $25.7 million.</td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td>$1,918,824</td>
</tr>
<tr>
<td>NR</td>
</tr>
<tr>
<td><strong>10 Child Care Development Fund Block Grant</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td>Budgets additional Child Care Development Fund (CCDF) block grant federal receipts in the amount of $73,349. The revised CCDF block grant federal receipts for the Division is $1.6 million.</td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td>$8,461,308</td>
</tr>
<tr>
<td>R</td>
</tr>
<tr>
<td>$481,461</td>
</tr>
<tr>
<td>NR</td>
</tr>
<tr>
<td><strong>Total Legislative Changes</strong></td>
</tr>
<tr>
<td>$8,461,308</td>
</tr>
<tr>
<td>R</td>
</tr>
<tr>
<td><strong>Total Position Changes</strong></td>
</tr>
<tr>
<td>3.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
</tr>
<tr>
<td>$136,976,022</td>
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</table>

**Health and Human Services**
### FY 2016-17

**Beginning Unreserved Fund Balance**

<table>
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<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,403,792</td>
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**Recommended Budget**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$42,043,531</td>
</tr>
<tr>
<td>Receipts</td>
<td>$42,181,452</td>
</tr>
<tr>
<td>Positions</td>
<td>205.00</td>
</tr>
</tbody>
</table>

### Legislative Changes

**Requirements:**

**Data Collection and Information Management Information System**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 R</td>
<td></td>
</tr>
</tbody>
</table>

Budgets funds from Budget Code 67425 to implement a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Director and the State Chief Information Officer.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750,000 NR</td>
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</table>

**Subtotal Legislative Changes**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>$0 R</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750,000 NR</td>
<td></td>
</tr>
</tbody>
</table>

**Receipts:**

**Blind & Deaf/HH Trust Telecommunications**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>$0 R</td>
<td></td>
</tr>
</tbody>
</table>

Transfers funds from Budget Code 67425 to the Central Management Services Division to implement a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Officer and the State Chief Information Officer.

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750,000 NR</td>
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</table>

**Health and Human Services**
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal Legislative Changes</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

| Revised Total Requirements | $42,780,531 |
| Revised Total Receipts | $42,931,452 |
| Change in Fund Balance | $137,921 |
| Total Positions | 205.00 |

| Unappropriated Balance Remaining | $10,541,713 |

Health and Human Services
### Division of Aging
**Budget Code 14411**

<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$105,473,473</td>
</tr>
<tr>
<td>Receipts</td>
<td>$61,658,136</td>
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<tr>
<td>Net Appropriation</td>
<td>$43,815,337</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$809,321</td>
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<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$809,321</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$106,282,794</td>
</tr>
<tr>
<td>Receipts</td>
<td>$61,658,136</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$44,624,658</td>
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</tbody>
</table>

### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Budget</td>
<td>76.50</td>
</tr>
<tr>
<td>Legislative Changes</td>
<td>2.00</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>78.50</td>
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</tbody>
</table>
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**

2016 Legislative Session

<table>
<thead>
<tr>
<th>Division of Aging</th>
<th>Budget Code 14411</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>1110</td>
<td>2,849,362</td>
<td>Service Support</td>
<td>1,705,350</td>
<td>1,143,032</td>
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<tr>
<td>1160</td>
<td>2,119,400</td>
<td>Professional Development and Capacity Building</td>
<td>206,006</td>
<td>-</td>
</tr>
<tr>
<td>1197</td>
<td>4,600,739</td>
<td>Emergency Shelter</td>
<td>4,600,739</td>
<td>-</td>
</tr>
<tr>
<td>1260</td>
<td>2,405,916</td>
<td>Access Outreach - Aging Adults</td>
<td>1,865,132</td>
<td>1,349,794</td>
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<tr>
<td>1270</td>
<td>789,384</td>
<td>Quality Improvement - Wellness and Health Promotion</td>
<td>732,942</td>
<td>65,372</td>
</tr>
<tr>
<td>1370</td>
<td>10,731,138</td>
<td>Senior Nutrition/Food Programs</td>
<td>10,313,685</td>
<td>419,453</td>
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<tr>
<td>1410</td>
<td>92,206</td>
<td>Case Management and Counseling</td>
<td>60,339</td>
<td>21,947</td>
</tr>
<tr>
<td>1411</td>
<td>61,369,359</td>
<td>Community Based Services and Supports</td>
<td>29,206,409</td>
<td>32,119,039</td>
</tr>
<tr>
<td>1452</td>
<td>4,581,767</td>
<td>Alzheimer's and Dementia Support Services Support</td>
<td>3,899,691</td>
<td>591,676</td>
</tr>
<tr>
<td>1463</td>
<td>62,743</td>
<td>At-Risk Case Management</td>
<td>52,373</td>
<td>10,370</td>
</tr>
<tr>
<td>1464</td>
<td>8,193,669</td>
<td>Key/Program</td>
<td>8,115,622</td>
<td>-</td>
</tr>
<tr>
<td>1460</td>
<td>2,437,963</td>
<td>Senior Community Services Employment Services</td>
<td>2,437,963</td>
<td>6,709</td>
</tr>
<tr>
<td>1510</td>
<td>4,441,357</td>
<td>Adult Protective Services and Guardianship</td>
<td>3,933,704</td>
<td>507,653</td>
</tr>
<tr>
<td>1550</td>
<td>3,707,706</td>
<td>Long Term Care - Ombudsman Services</td>
<td>2,622,422</td>
<td>1,085,284</td>
</tr>
<tr>
<td>1570</td>
<td>677,552</td>
<td>State/County Special Assistance Administration</td>
<td>376,866</td>
<td>298,666</td>
</tr>
<tr>
<td>1910</td>
<td>79,306</td>
<td>Reserves and Transfers</td>
<td>79,306</td>
<td>-</td>
</tr>
<tr>
<td>1991</td>
<td>76,306</td>
<td>Indemn Cost - Reserve</td>
<td>76,306</td>
<td>-</td>
</tr>
</tbody>
</table>

**Division-wide Items**

| NIA | Reserve for Compensation Increase | 44,751 | 44,751 | 44,751 | 44,751 | 44,751 | 44,751 |
| NIA | Reserve for Retirement Contributions | 14,960 | 14,960 | 14,960 | 14,960 | 14,960 | 14,960 |

**Total**

$180,471,472 | $61,516,138 | $43,515,537 | $408,331 | $0 | $499,331 | $196,382,744 | $61,516,138 | $44,624,658
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
**2016 Legislative Session**

#### Division of Aging

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes Net Appropriation</th>
<th>Revised Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Service Support</td>
<td>18.00</td>
<td>-</td>
<td>18.00</td>
</tr>
<tr>
<td>1160</td>
<td>Professional Development and Capacity Building</td>
<td>2.00</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td>1177</td>
<td>Emergency Shelter</td>
<td>3.00</td>
<td>-</td>
<td>3.00</td>
</tr>
<tr>
<td>1260</td>
<td>Access Outreach - Aging Adults</td>
<td>1.00</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>1370</td>
<td>Senior Nutrition/ Fan Programs</td>
<td>1.00</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>1410</td>
<td>Case Management and Counseling</td>
<td>9.50</td>
<td>-</td>
<td>9.50</td>
</tr>
<tr>
<td>1451</td>
<td>Community Based Services and Supports</td>
<td>2.00</td>
<td>2.00</td>
<td>4.00</td>
</tr>
<tr>
<td>1453</td>
<td>At-Risk Case Management</td>
<td>1.00</td>
<td>-</td>
<td>1.00</td>
</tr>
<tr>
<td>1454</td>
<td>Key Program</td>
<td>11.00</td>
<td>-</td>
<td>11.00</td>
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<tr>
<td>1480</td>
<td>Senior Community Services Employment Services</td>
<td>14.00</td>
<td>-</td>
<td>14.00</td>
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<tr>
<td>1510</td>
<td>Adult Protective Services and Guardianship</td>
<td>5.00</td>
<td>-</td>
<td>5.00</td>
</tr>
<tr>
<td>1570</td>
<td>State/County Special Assistance Administration</td>
<td>8.00</td>
<td>-</td>
<td>8.00</td>
</tr>
<tr>
<td>1910</td>
<td>Reserves and Transfers</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>1991</td>
<td>Indirect Cost - Reserve</td>
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</tr>
</tbody>
</table>

**Total FTE**

<table>
<thead>
<tr>
<th>Enacted</th>
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</tr>
</thead>
<tbody>
<tr>
<td>76.50</td>
<td>78.50</td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$40,815,337</td>
</tr>
</tbody>
</table>

Legislative Changes

(2.9) Division of Aging and Adult Services

11 Compensation Increase Reserve
   Fund Code: N/A
   $33,571 R
   $11,190 NR

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

12 State Retirement Contributions
   Fund Code: N/A
   $5,824 R
   $8,736 NR

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $790.0 million for FY 2016-17.

13 Project CARE Support for Alzheimer’s Patients and Their Families
   Fund Code: 1452
   $500,000 R

Increases funding for Project CARE (Caregiver Alternatives to Running on Empty) effective October 1, 2016, to support families acting as caregivers for family members with Alzheimer’s disease. The increased funding will provide vouchers for respite services and 3 additional full-time family consultants for Project CARE. The revised net appropriation for FY 2016-17 for Project CARE is $650,000.
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>14 No Wrong Door to Accessing Benefits Initiative</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1462</td>
<td>$200,000 R</td>
</tr>
<tr>
<td>Creates 2 full-time equivalent staff positions within the Division of Aging and Adult Services to oversee continued development and implementation of the No Wrong Door to Accessing Benefits initiative. Staff responsibilities will include enhancement of the NH 2-1-1 database and management of Alzheimer's disease and dementia-related stakeholder partnerships. The revised net appropriation for the No Wrong Door To Accessing Benefits initiative is $200,000.</td>
<td>2.00</td>
</tr>
</tbody>
</table>

| Total Legislative Changes | $789,395 R |
| Total Position Changes   | $19,926 NR |
| Revised Budget           | $44,624,688 |

Health and Human Services
## General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$671,468,663</td>
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<tr>
<td>Receipts</td>
<td>$428,434,687</td>
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<tr>
<td>Net Appropriation</td>
<td>$243,033,976</td>
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<td><strong>Legislative Changes</strong></td>
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<tr>
<td>Requirements</td>
<td>$22,399,326</td>
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<tr>
<td>Receipts</td>
<td>$29,075,109</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>($6,675,783)</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$693,867,989</td>
</tr>
<tr>
<td>Receipts</td>
<td>$457,509,796</td>
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<tr>
<td>Net Appropriation</td>
<td>$236,358,193</td>
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</table>

## General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>308.75</td>
</tr>
<tr>
<td>Program of Child Development and Early Education</td>
<td>Fund Code</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>--</td>
</tr>
<tr>
<td>Statewide Support Activities</td>
<td>100</td>
</tr>
<tr>
<td>Early Care and Education</td>
<td>110</td>
</tr>
<tr>
<td>Local Funding</td>
<td>120</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Total: $25,388,150
# Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

2016 Legislative Session

<table>
<thead>
<tr>
<th>Division of Child Development and Early Education</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<tbody>
<tr>
<td><strong>Fund Code 14420</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>14A0 Smart Start - Health Related Activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1110 Service Support</td>
<td>34.00</td>
<td>-</td>
<td>34.00</td>
</tr>
<tr>
<td>1151 Child Care - Regulation</td>
<td>202.75</td>
<td>-</td>
<td>204.75</td>
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<tr>
<td>1152 DHHS - Criminal Record Checks</td>
<td>18.00</td>
<td>-</td>
<td>21.00</td>
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<tr>
<td>1161 Child Care - Capacity Building</td>
<td>12.00</td>
<td>-</td>
<td>13.00</td>
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<tr>
<td>1162 Smart Start - Child Care Related Activities</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>1271 Smart Start - Family Support Activities</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1272 Child Care - Rated License</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>1330 Pre-Kindergarten Program</td>
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<tr>
<td>1380 Subsidized Child Care</td>
<td>24.00</td>
<td>-</td>
<td>26.00</td>
</tr>
<tr>
<td>1381 Smart Start - Subsidized Child Care</td>
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Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>TOTAL BUDGET ENACTED 2015 SESSION</th>
<th>FY 16-17</th>
<th>$240,033,976</th>
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Legislative Changes

(3.0) Division of Child Development and Early Education

15 Compensation Increase Reserve

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>R</th>
<th>NR</th>
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<tbody>
<tr>
<td>N/A</td>
<td>$31,191</td>
<td>$10,397</td>
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</table>

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

16 State Retirement Contributions

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>R</th>
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<tbody>
<tr>
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<td>$8,117</td>
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Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

17 Child Care Subsidy Federal Funds

<table>
<thead>
<tr>
<th>Fund Code</th>
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</thead>
<tbody>
<tr>
<td>1380</td>
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</table>

Budgets Temporary Assistance for Needy Families block grant receipts of $3.6 million and Child Care Development Funds block grant receipts of $2.8 million on a nonrecurring basis for the Child Care Subsidy program, and accordingly reduces the revised net appropriation by the same amount. The revised net appropriation from all actions in this report for the Child Care Subsidy Program is $46 million.

18 NC Pre-K Federal Funds

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>(6,430,899)</th>
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<tbody>
<tr>
<td>1330</td>
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Budgets Temporary Assistance for Needy Families block grant receipts on a nonrecurring basis for NC Pre-K, and accordingly reduces the revised net appropriation by the same amount. The requirements for NC Pre-K remain unchanged at $144.2 million. The revised net appropriation for NC Pre-K is $47.8 million.

Health and Human Services

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Conference Report on the Base, Capital, and Expansion Budget

19 NC Pre-K Increase Children Served
Fund Code: 1330
Provides funding to serve an additional 260 children in NC Pre-K, bringing the total number of slots to 29,400. The revised net appropriation from all actions in this report for NC Pre-K is $47.8 million.

20 Child Care Subsidy Increase Children Served
Fund Code: 1360
Provides funding to serve an additional 260 children in the Child Care Subsidy program. The revised net appropriation for Child Care Subsidy from all actions in this report is $46 million.

21 Child Care Subsidy Market Rate Increase
Fund Code: 1360
Increases the Child Care Subsidy market rate effective October 1, 2016, for children age 3-5 in Tier 1 and 2 counties to the recommended rate in the 2015 Market Rate Study. The annualized net appropriation is $4.6 million. The revised net appropriation for Child Care Subsidy from all actions in this report for FY 2016-17 is $46 million.

22 Child Care Quality Improvement
Fund Code: 1101, 1102, 1161, 1360
Provides funds for quality enhancements in child care through additional Child Care Development Fund (CCDF) block grant requirements and receipts in the amount of $653,435. These funds will be used for criminal background checks, enhanced training, and improved fraud prevention and detection. These funds will support 10 receipt supported positions. 1 Human Services Planner/Evaluator III, 1 Child Day Care Program Manager, 1 Administrative Assistant I, 2 Processing Assistant V, 1 Human Services Planner/Evaluator IV, and 4 Administrative Officer III. The revised net appropriation remains unchanged for child care regulation at $50,000. The revised net appropriation for the Child Care Subsidy Program from all actions in this report for FY 2016-17 is $46 million.

23 Child Care Development Block Grant
Fund Code: N/A
Budgets additional CCDF block grant federal receipts in the amount of $15,560,775. The revised CCDF block grant federal receipts for the Division are $204 million.

Health and Human Services
## Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 16-17</th>
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<tbody>
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<td>Total Legislative Changes</td>
<td>$6,136,602 R</td>
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Health and Human Services
## General Fund Budget

### FY 2016-17

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<td>Receipts</td>
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### Legislative Changes

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### Revised Budget

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## General Fund FTE

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### Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

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**Health and Human Services**

- Total: $51,242,416
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<td>Medicaid Eligibility</td>
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<td>Refugee Cash and Social Services</td>
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<td>1382</td>
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<td>Case Management and Counseling</td>
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<td>Services</td>
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<td>Assistance</td>
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<td>ID Family Emergency - Family Violence Prevention</td>
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<td>1900</td>
<td>Reserves and Transfers</td>
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<td><strong>25.00</strong></td>
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Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

### Total Budget Enacted 2015 Session

<table>
<thead>
<tr>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>$185,533,280</td>
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#### Legislative Changes

**(4.0) Division of Social Services**

**24 Compensation Increase Reserve**

- **Fund Code:** N/A
- **FY 16-17:** $183,894 R
- **FY 16-17:** $61,298 NR

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**25 State Retirement Contributions**

- **Fund Code:** N/A
- **FY 16-17:** $31,933 R
- **FY 16-17:** $47,854 NR

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**26 State-County Special Assistance Caseload Adjustment**

- **Fund Code:** 1570
- **FY 16-17:** $(1,000,000) R

Reduces State-County Special Assistance due to a decline in the number of individuals participating in the program. The revised net appropriation for State-County Special Assistance for FY 2015-16 is $977.4 million.

**27 Adoption Assistance**

- **Fund Code:** 1591
- **FY 16-17:** $(1,000,000) R

Adjusts the Adoption Assistance budget based on projected enrollment. The revised net appropriation for Adoption Services is $44.3 million.

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Conference Report on the Base, Capital, and Expansion Budget

28 County Child Welfare Services Oversight and Accountability

Fund Code: 1100, 1430, 1532

Provides funding to enhance the State’s capacity to ensure a competent and well-trained county-based child welfare workforce by increasing the availability of localized, mobile training tailored to specific needs. Additional positions are authorized to provide technical assistance to counties in the development and implementation of their performance improvement plan, track and measure these improvements, and quantify county outcomes to ensure consistency across counties. The position will also develop a statewide recruitment plan for foster care parents and work to improve the foster care licensing process. The revised net appropriation from all actions in this report for Fund 1100, Child Welfare Training, is $2.8 million. The revised net appropriation from all actions in this report for Fund 1430, Child Home Support - Child Protective Services is $21 million. The revised net appropriation for Fund 1532, Child Support - Foster Care is $43.8 million.

29 Child Welfare Program Improvement Plan

Fund Code: 1110, 1190, 1331

Provides additional resources to implement the Program Improvement Plan as a result of the recent Child and Family Services Review (CFSR). The plan will establish professional development opportunities and ongoing specific training regarding child welfare issues. Training for supervisors and leaders who support the field social workers will be provided. Additionally, 3 positions are provided to analyze program performance data. In-Home services are expanded to support children’s safety while keeping families together and reducing the likelihood of children entering into foster care. The revised net appropriation from all actions in this report for Fund 1110, Service Support is 88.1 million. The revised net appropriation from all actions in this report for Fund 1160, Child Welfare Training, is $2.8 million. The revised net appropriation for Fund 1331, Family Preservation and Support is 99.6 million.

30 Child Welfare Native American Services

Fund Code: 1331

Provides funding for the establishment of a grant program for which North Carolina State-recognized tribes may apply. The grants is to assist in recruiting foster parents, increasing the number of foster homes for children who are members of a North Carolina State-recognized tribe, and providing training for staff of county departments of social services to ensure culturally appropriate services for children who are members of a North Carolina State-recognized tribe. The revised net appropriation for Fund 1331, Family Preservation and Support is 99.6 million.

31 Child Fatality Reviews

Fund Code: 1430

Funds 3 additional positions to ensure timely review of child fatalities in accordance with G.S. 143-150.20. These positions will also develop the system capacity to effectively utilize the results and implement the recommendations as a result of the reviews. The revised net appropriation from all actions in this report for Fund 1430, Child Home Support - Child Protective Services is 521 million.

Health and Human Services

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## Conference Report on the Base, Capital, and Expansion Budget

### 32 Child Advocacy Centers
**Fund Code:** 1331

Provides funding for Child Advocacy Centers to bring their funding for FY 2016-17 to their FY 2015-16 funding level. The revised net appropriation for Child Advocacy Centers is $793,000.

<table>
<thead>
<tr>
<th>FY 16-17</th>
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</tr>
</thead>
<tbody>
<tr>
<td>$400,000</td>
<td>R</td>
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</tbody>
</table>

### 33 Temporary Assistance for Facilities that Serve Special Assistance Recipient
**Fund Code:** 1900

Provides funding, effective October 1, 2016, on a temporary basis for facilities that serve recipients of Special Assistance. Total funding is $7.5 million with 50% of the funding provided by the appropriate county. The net revised appropriation for temporary assistance for facilities that serve Special Assistance recipients is $3.6 million.

### 34 Food and Nutrition Services Outreach for Medicaid/Medicare Dual Eligibles
**Fund Code:** 1372

Provides funds for the Department to establish a pilot program to increase access to Food and Nutrition Services benefits for individuals who are dually eligible for Medicare and Medicaid through outreach and assistance with completion of the Food and Nutrition Services applications. The total requirements for the Food and Nutrition Services Outreach Pilot program are $1.2 million and the revised net appropriation is $600,000.

### 35 Eckerd Kids and Caring for Children’s Angels Watch Program
**Fund Code:** 1331

Expands Angels Watch to additional counties, a foster care program for children who are age 0-6 (with siblings up to age 10) who are not in the custody of the Department of Social Services and whose families are temporarily unable to care for them because of a crisis. Children are placed in licensed Angel Care foster homes for up to 90 days while the family attempts to resolve the issues that keep them from safely caring for their children. Parents are provided mentoring and links to community resources by program managers and foster parents. The revised net appropriation for Angels Watch is $1.1 million.

### 36 County Department of Social Services Improve Medicaid Timeliness
**Fund Code:** 1110

Provides funding for 4 Human Services Evaluator/Planner positions to assist county department of social services offices in using the Client Services Data Warehouse (CSDW) to analyze NC FAST eligibility data for Medicaid and other economic services programs. Those staff will develop internal queries and reports to assist DHHS with monitoring county DSS office performance, and provide CSDW training to county DSS offices and develop NC FAST or other data queries for use by the counties. The revised net appropriation from all actions in this report for Fund 1110 Service Support is $6.1 million.

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Health and Human Services

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Conference Report on the Base, Capital, and Expansion Budget

37 Supportive Employment Opportunities
   Fund Code: 1364
   Establishes a grant to Marketing Association for Rehabilitation Centers (MARC), Inc., to provide funding for staffing and positions to focus on business development, leadership and technical support for advanced manufacturing. New job opportunities will be created for people who are chronically unemployed. The revised net appropriation for a job creation grant to MARC Inc. is $360,000.

38 Boys and Girls Clubs
   Fund Code: 1331
   Provides funds to support the following Boys and Girls Clubs:
   - Central Asheboro Boys and Girls Club $25,000
   - Community Boys and Girls Club of Wilmington $50,000
   - The Salvation Army Boys and Girls Club in Burlington $50,000
   The revised net appropriation for Boys and Girls Clubs is $2.6 million.

39 South Davidson Family Resource Center
   Fund Code: 1900
   Provides services to the South Davidson Family Resource Center. The Center provides services and resources to the disadvantaged population and families in crisis in southern Davidson County. The revised net appropriation for the South Davidson Family Resource Center is $100,000.

40 Children’s Homes
   Fund Code: 1932
   Provides funding to the following Children’s Homes:
   - American Children’s Home, Lexington $50,000
   - Mills Home in Thomasville $100,000
   The revised net appropriation for this action is $150,000.

41 Temporary Assistance for Needy Families Block Grant
   Fund Code: N/A
   Budgets additional Temporary Assistance for Needy Families (TANF) block grant federal receipts in the amount of $772,128. The revised TANF block grant federal receipts for the Division are $164.8 million.

42 TANF Contingency Block Grant
   Fund Code: N/A
   Budgets TANF Contingency block grant federal receipts in the amount of $1,003,500. The revised TANF Contingency block grant federal receipts for the Division are $1 million.

Health and Human Services
Conference Report on the Base, Capital, and Expansion Budget

43 Social Services Block Grant
Fund Code: N/A
Reduces Social Services block grant (SSBG) federal receipts in the amount of $657,822. The revised SSBG block grant federal receipts for the Division are $31.7 million.

44 Low Income Energy Assistance Program
Fund Code: N/A
Reduces Low Income Energy Assistance Program (LIEAP) federal receipts in the amount of $5,694,011. The revised LIEAP block grant federal receipts for the Division are $98.6 million.

45 Child Care Development Fund Block Grant
Fund Code: N/A
Budgets additional CCDF federal receipts in the amount of $1,217,632. The revised CCDF block grant federal receipts for the Division are $17.1 million.

46 Community Services Block Grant
Fund Code: N/A
Reduces the Community Services Block Grant (CSBG) federal receipts in the amount of $2,909,091. The revised CSBG block grant federal receipts for the Division are $23.9 million.

| Total Legislative Changes  | $(309,220)  | R |
| Total Position Changes     | $14,679,433 | NR |
| Revised Budget             | $199,903,476 |

Health and Human Services

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# Public Health
## Budget Code 14430

### General Fund Budget

<table>
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### General Fund FTE

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Health and Human Services
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Summary of General Fund Appropriations
2016 Legislative Session

806
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

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**Total FTE** | **1,916.11** | **3.00** | **2.00** | **1,921.11**
Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>GENERAL FUND</th>
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<tr>
<td>FY 16-17</td>
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Legislative Changes

(5.0) Division of Public Health

**47 Compensation Increase Reserve**

Fund Code: N/A

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximated revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.

| $685,171 | R |
| $226,390 | NR |

**48 State Retirement Contributions**

Fund Code: N/A

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximated revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

| $119,866 | R |
| $178,299 | NR |

**49 Quitline Receipts**

Fund Code: 1271

Reduces funding for the Quitline, a smoking cessation intervention. The revised net appropriation for Children and Adult Health Prevention is $6.1 million.

| ($250,000) | NR |

**50 State Public Health Laboratory**

Fund Code: 1174

Provides funds to the State Public Health Laboratory to partially offset increased newborn screening costs and decreased Medicaid receipts. The revised net appropriation from all actions in this report for the State Public Health Laboratory is $4.3 million.

| $1,000,000 | R |

Health and Human Services
Conference Report on the Base, Capital, and Expansion Budget

51 Newborn Screening Fees
Fund Code: 1174
Budgets increased requirements and receipts associated with newborn screening tests performed by the State Public Health Laboratory. New requirements increased the screening cost from $19 to $44 per infant. The newborn screening fee increases from $24 to $44, generating $2.4 million to offset those increased costs. The revised net appropriation from all actions in this report for the State Public Health Laboratory is $4.3 million.

52 Children’s Developmental Services Agencies (CDSAs)
Fund Code: 1441
Provides funds to the CDSAs to partially offset the anticipated decrease in FY 2016-17 Medicaid receipts. The revised net appropriation for the CDSAs is $23.6 million.

53 Local Health Departments
Fund Code: 1161
Provides funds to support local health departments and minimize the impact of reduced Medicaid reimbursement rates on the delivery of direct patient services. The revised net appropriation from all actions in this report for Fund 1161 Public Health Capacity Building is $27.9 million.

54 Public Health Alliance of Cabarrus County
Fund Code: 1161
Provides funds for the Public Health Alliance of Cabarrus County. The revised net appropriation from all actions in this report for Fund 1161 Public Health Capacity Building is $27.9 million.

55 Nurse Family Partnership Program
Fund Code: 13A1
Provides funds to expand the Nurse Family Partnership Program home visiting services in the State. The revised net appropriation from all actions in this report for the Maternal and Infant Health Section is $9.7 million.

56 Zika Prevention and Detection
Fund Code: 1103, 1174, 1170
Provides funds to develop an infrastructure to detect, prevent, control and respond to the Zika virus and other vector-borne illnesses. The Division of Public Health (DPH) will use the funds to establish 3 positions and to provide $177,500 in aid to counties statewide. The revised net appropriation for the Zika infrastructure is $477,500.

Health and Human Services
## Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Amount</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1271</td>
<td>$250,000</td>
<td>FY 16-17</td>
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</tbody>
</table>

### You Quit Two Quit Smoking Cessation Program
- **Fund Code:** 1271
- Provides funds for You Quit Two Quit, a smoking prevention and cessation program for pregnant and postpartum women and mothers. The revised net appropriation for Children and Adult Health Prevention is $8.3 million.

### Best Start Program
- **Fund Code:** 13A1
- Provides funds for Union County Public Schools to support and enhance the Best Start Program. All funds for this purpose shall be disbursed prior to June 30, 2017. The revised net appropriation for the Best Start Program is $250,000.

### Salem Pregnancy Care Center
- **Fund Code:** 13A1
- Provides funds for the Salem Pregnancy Care Center located in Winston-Salem. The revised net appropriation from all actions in this report for the Maternal and Infant Health Section is $9.7 million.

### New Hope Pregnancy Center
- **Fund Code:** 13A1
- Provides funds for the New Hope Pregnancy Center located in Yadkinville. The revised net appropriation from all actions in this report for the Maternal and Infant Health Section is $9.7 million.

### Ocular Melanoma Grant
- **Fund Code:** 129C
- Provides funds to the City of Huntsville to address the ocular melanoma cluster. The revised net appropriation for Fund Code 129C Access - Out Reach Chronic Disease is $998,927.

### Infant Mortality
- **Fund Code:** 1271, 13A1
- Establishes 2 receipt-supported positions to support efforts to reduce infant mortality. This action has no impact on the net appropriation for maternal and infant health activities. The combined net appropriation for Fund Codes 1271 and 13A1 is $21.5 million.

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<td>13A1</td>
<td>PH Program Manager, PG 76</td>
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**Health and Human Services**

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Conference Report on the Base, Capital, and Expansion Budget

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<td>Federal Preventative Health Services Block Grant (PHSBBG) receipts in the amount of $44,477. The revised federal PHSBBG receipts for DPH are $5.0 million.</td>
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<tr>
<td>Federal Maternal and Child Health Block Grant (MCHBBG) receipts in the amount of $640,546. The revised federal MCHBBG receipts for DPH are $168.6 million.</td>
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| Total Legislative Changes | $2,281,637 |
| Total Position Changes | $17,366,699 |
| Revised Budget | $167,936,654 |

Health and Human Services
# Mental Health/Developmental Disabilities/Substance Abuse Services

**Budget Code 14460**

## General Fund Budget

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## General Fund FTE

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Health and Human Services

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### Summary of General Fund Appropriations
#### Fiscal Year 2016-17
#### 2016 Legislative Session

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**Health and Human Services**

Page 3 of 36
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

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<tr>
<th>Fund Code</th>
<th>Fund Name</th>
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**Total FTE:** 11,330.58
Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>LEGISLATIVE CHANGES</th>
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<tr>
<td>(6.0) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services</td>
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<tr>
<td>65 Compensation Increase Reserve</td>
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<tr>
<td>$5,476,850 R</td>
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<tr>
<td>$1,108,420 NR</td>
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<tr>
<td>Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. In addition, funds are provided for salary increases for State agency teachers who are paid in accordance with the Statewide teacher salary schedule. Corresponding special provisions provide additional details on these compensation adjustments.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.</td>
</tr>
<tr>
<td>66 State Retirement Contributions</td>
</tr>
<tr>
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</tr>
<tr>
<td>$584,056 R</td>
</tr>
<tr>
<td>$876,084 NR</td>
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<tr>
<td>Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TISERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TISERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.</td>
</tr>
<tr>
<td>67 Cherry Hospital Operating Costs</td>
</tr>
<tr>
<td>Fund Code: 1502</td>
</tr>
<tr>
<td>($3,000,000) NR</td>
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<tr>
<td>Reduces funding previously budgeted to meet Cherry Hospital’s expanded bed capacity. S.L. 2013-142 appropriated $3.5 million in recurring funds for 373 additional positions to staff the expanded operating capacity at the Cherry Hospital replacement facility originally scheduled to open in April 2013. The FY 2013-14 base budget included $9.6 million recurring for the annualized General Fund cost of the new positions. Due to construction and other delays, the replacement facility is now scheduled to open in September 2016. Only 25 of the 100 additional beds will go online at that time. The revised net appropriation for Cherry Hospital is $7.3.7 million.</td>
</tr>
</tbody>
</table>

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### Conference Report on the Base, Capital, and Expansion Budget

**66 Broughton Hospital Maintenance**  
**Fund Code: 1661**  
$500,000  
**FY 16-17**  
Provides funding for Broughton Hospital maintenance. The revised net appropriation for Broughton Hospital is $60.0 million.

**69 Controlled Substance Reporting System**  
**Fund Code: 1110**  
$375,000  
$1,253,400  
**FY 16-17**  
Provides funding to develop software and upgrade the Controlled Substance Reporting System (CSRS) as follows:  
- $600,000 nonrecurring shall be used to upgrade the CSRS database to meet the most current architecture standards of the American Society for Automation in Pharmacy and Prescription Monitoring Information Exchange,  
- $375,000 recurring and $653,400 nonrecurring shall be used to develop and implement software for the performance of advanced analytics within the CSRS.  
The revised net appropriation for Fund 1110 Service Support is $15.5 million.

**70 Governor’s Task Force Recommendations**  
**Fund Code: 1010**  
$10,000,000  
**FY 16-17**  
Reserves funding to implement the recommendations of the Governor’s Task Force on Mental Health and Substance Use. The funds shall be held in the Mental Health and Substance Use Task Force Reserve Fund, shall not revert, and shall remain available until expended. Moneys may only be expended with the prior approval of the Office of State Budget and Management and a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The revised net appropriation for the Mental Health and Substance Use Task Force Reserve Fund is $20.0 million.

**71 Substance Abuse Prevention and Treatment Block Grant**  
**Fund Code: N/A**  
$1,056,150  
**FY 16-17**  
Budgets additional federal Substance Abuse Prevention and Treatment Block Grant (SAPTBG) receipts in the amount of $656,150. The revised federal SAPTBG receipts for the Division are $456.1 million.

**72 Mental Health Block Grant**  
**Fund Code: N/A**  
$63,710  
**FY 16-17**  
Budgets a reduction in federal Mental Health Block Grant (MHBG) receipts in the amount of $63,710. The revised federal MHBG receipts are $16.9 million.

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Health and Human Services
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>Total Legislative Changes</td>
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<td>Total Position Changes</td>
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Health and Human Services
<table>
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<th>Requirements</th>
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<td><strong>Beginning Unreserved Fund Balance</strong></td>
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<td>Receipts</td>
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<td>Positions</td>
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**Legislative Changes**

### Requirements:

**Child Facility-Based Crisis Centers**
- Provides funds to the Department of Health and Human Services, Budget Code 24460, for start-up costs (renovation or construction) to establish up to 2 new child facility-based crisis centers. Funds will be awarded on a competitive basis. The Department shall establish a process for applying for these grants; criteria for evaluating applications, and a process for allocating grants.

<table>
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**Inpatient Behavioral Health Beds**
- Transfers funds to the Department of Health and Human Services, Budget Code 24460, for the purpose of expanding inpatient capacity in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units. Beds constructed or converted with these funds shall be named in honor of Dorothea Dix.

<table>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

**FY 2016-17**

**Mental Health and Substance Use Task Force Reserve**
Reserves funding to implement the recommendations of the Governor’s Task Force on Mental Health and Substance Use. The funds shall be held in the Mental Health and Substance Use Task Force Reserve Fund, shall not revert, and shall remain available until expended. Monies may only be expended with the prior approval of the Office of State Budget and Management and a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The revised net appropriation for the Mental Health and Substance Use Task Force Reserve Fund is $20.0 million.

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<tr>
<th>Description</th>
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**Receipts:**

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Health and Human Services
### Conference Report on the Base, Capital, and Expansion Budget

**FY 2016-17**

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**Health and Human Services**
### General Fund Budget

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### General Fund FTE

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## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

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**Division-wide Items**

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### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

#### 2016 Legislative Session

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<td>1110 Service Support</td>
<td>77.00</td>
<td>-</td>
<td>77.00</td>
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<tr>
<td>1261 Access Outreach - VR &amp; IL Client Advocacy a&amp; Assistance</td>
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<td>-</td>
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<tr>
<td>1283 Outreach - Service Access Grant</td>
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<td>1.00</td>
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<td>1452 Adults Home Support - Ind Living - Rehabilitation</td>
<td>69.00</td>
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<tr>
<td>1470 Assistive Technology Equipment Loan</td>
<td>19.75</td>
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<tr>
<td>1480 Vocational Rehabilitation - Employment Services</td>
<td>822.50</td>
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<tr>
<td>1991 Indirect Reserve</td>
<td>-</td>
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<tr>
<td>1992 Prior Year - Earned Revenue</td>
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<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total FTE</strong></td>
<td>993.25</td>
<td>-</td>
<td>993.25</td>
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</table>
# Conference Report on the Base, Capital, and Expansion Budget

## Health and Human Services

<table>
<thead>
<tr>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
</tr>
<tr>
<td>FY 16-17</td>
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### Legislative Changes

#### (7.0) Division of Vocational Rehabilitation

<table>
<thead>
<tr>
<th>73 Compensation Increase Reserve</th>
<th>R</th>
</tr>
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<tbody>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
<td><strong>$230,055</strong></td>
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<tr>
<td><strong>$76,695</strong></td>
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</table>

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>74 State Retirement Contributions</th>
<th>R</th>
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<tbody>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
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</tr>
<tr>
<td><strong>$50,866</strong></td>
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Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

<table>
<thead>
<tr>
<th>75 Able To Work, USA</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> 1480</td>
<td><strong>$50,000</strong></td>
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</table>

Provides $50,000 for Able to Work, USA to assist persons with disabilities to find meaningful employment. The revised net appropriation for vocational rehabilitation employment services is $21.4 million.

### Total Legislative Changes

<table>
<thead>
<tr>
<th>R</th>
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<tr>
<td><strong>$289,966</strong></td>
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### Total Position Changes

<table>
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<th>NR</th>
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<tr>
<td><strong>$186,661</strong></td>
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### Revised Budget

<table>
<thead>
<tr>
<th>$38,208,649</th>
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Health and Human Services

---

Page G 47
## General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
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<td><strong>Enacted Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$66,800,892</td>
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<tr>
<td>Receipts</td>
<td>$50,690,218</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$16,110,674</td>
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<td><strong>Legislative Changes</strong></td>
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<td>Requirements</td>
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<td>Receipts</td>
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<td><strong>Net Appropriation</strong></td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
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<tr>
<td>Receipts</td>
<td>$50,690,218</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$16,579,926</td>
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## General Fund FTE

<p>| | |</p>
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<th></th>
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</tr>
<tr>
<td>Legislative Changes</td>
<td>0.00</td>
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<tr>
<td>Revised Budget</td>
<td>563.50</td>
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# Summary of General Fund Appropriations
## Fiscal Year 2016-17
### 2016 Legislative Session

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<th>Division of Health Service Regulation</th>
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<th>Legislative Changes</th>
<th>Revised Budget</th>
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<td>1,318,564</td>
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<td>4,127,156</td>
<td>3,928,730</td>
<td>198,423</td>
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<tr>
<td>1152 Nursing Home and Adult Care Licensure and Certification</td>
<td>16,699,703</td>
<td>12,267,622</td>
<td>4,412,131</td>
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<tr>
<td>1153 Construction</td>
<td>5,195,541</td>
<td>3,820,360</td>
<td>1,375,230</td>
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<tr>
<td>1154 Health Care Personnel Registry</td>
<td>4,368,524</td>
<td>3,373,459</td>
<td>995,065</td>
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<tr>
<td>1155 Jails and Detention Centers Inspections</td>
<td>167,294</td>
<td>-</td>
<td>167,294</td>
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<tr>
<td>1156 Regulatory - Mental Health Licensure and Certification</td>
<td>6,207,082</td>
<td>4,231,335</td>
<td>2,035,747</td>
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<tr>
<td>1157 Radiation Protection</td>
<td>4,623,787</td>
<td>4,623,787</td>
<td>-</td>
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<tr>
<td>1161 Preparedness - Statewide Health Planning</td>
<td>2,510,141</td>
<td>96,597</td>
<td>2,413,544</td>
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<tr>
<td>1162 Preparedness - Hospital Preparedness</td>
<td>14,182,153</td>
<td>14,182,153</td>
<td>-</td>
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<tr>
<td>1191 Indirect Reserve</td>
<td>962,265</td>
<td>962,265</td>
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### Division-wide Items

- Reserve for Compensation Increase
- Reserve for Retirement Contributions

| NA Reserve for Compensation Increase | - | - | 354,077 | N/A | 354,077 | N/A | 354,077 | N/A |
| N/A Reserve for Retirement Contributions | - | - | 115,175 | N/A | 115,175 | N/A | 115,175 | N/A |

Total: $66,600,292 | $50,806,219 | $15,110,674 | $689,352 | $0 | $489,352 | $57,279,144 | $50,806,219 | $15,110,674 | $57,279,144 | $50,806,219 | $15,110,674 |
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
**2016 Legislative Session**

### Division of Health Service Regulation

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<th>Fund Name</th>
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<th>Legislative Changes</th>
<th>Revised</th>
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<td>1110</td>
<td>Service Support</td>
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<td>25.00</td>
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<tr>
<td>1151</td>
<td>Acute and Home Care Licensure and Certification</td>
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<tr>
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<td>Certification</td>
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<tr>
<td>1153</td>
<td>Construction</td>
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<td>55.00</td>
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<tr>
<td>1154</td>
<td>Health Care Personnel Registry</td>
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<td>-</td>
<td>50.00</td>
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<tr>
<td>1155</td>
<td>Jails and Detention Centers Inspections</td>
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<td>-</td>
<td>2.00</td>
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<tr>
<td>1156</td>
<td>Certification</td>
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<td>-</td>
<td>76.00</td>
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<td>1157</td>
<td>Radiation Protection</td>
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<td>-</td>
<td>48.50</td>
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<tr>
<td>1181</td>
<td>Preparedness - Statewide Health Planning</td>
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<td>-</td>
<td>23.00</td>
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<tr>
<td>1182</td>
<td>Preparedness - Hospital Preparedness</td>
<td>13.00</td>
<td>-</td>
<td>13.00</td>
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<tr>
<td>1193</td>
<td>Preparedness - Local Emergency Medical Services</td>
<td>32.00</td>
<td>-</td>
<td>32.00</td>
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<tr>
<td>1991</td>
<td>Indirect Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td>563.50</td>
<td>-</td>
<td>563.50</td>
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</table>
### Conference Report on the Base, Capital, and Expansion Budget

#### Health and Human Services

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
<th>$18,110,874</th>
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**Legislative Changes**

**8.0 Division of Health Service Regulation**

<table>
<thead>
<tr>
<th>76 Compensation Increase Reserve</th>
<th>Fund Code: N/A</th>
<th>$265,558</th>
<th>$86,519</th>
</tr>
</thead>
</table>

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>77 State Retirement Contributions</th>
<th>Fund Code: N/A</th>
<th>$46,070</th>
<th>$69,105</th>
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</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
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<tr>
<td>Revised Budget</td>
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Health and Human Services

Page 951
## Division of Medical Assistance
**Budget Code 14445**

### General Fund Budget

<table>
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<tr>
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<th>FY 2016-17</th>
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<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$14,896,932,911</td>
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<tr>
<td>Receipts</td>
<td>$10,980,695,639</td>
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<tr>
<td>Net Appropriation</td>
<td>$3,916,237,272</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
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<tr>
<td>Requirements</td>
<td>($615,098,447)</td>
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<tr>
<td>Receipts</td>
<td>($304,773,525)</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>($310,324,922)</td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$14,281,834,464</td>
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<tr>
<td>Receipts</td>
<td>$10,675,922,114</td>
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<tr>
<td>Net Appropriation</td>
<td>$3,605,912,350</td>
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### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tr>
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<td>Legislative Changes</td>
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<tr>
<td>Revised Budget</td>
<td>425.51</td>
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Health and Human Services

Page G 32
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Division of Medical Assistance</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code</strong></td>
<td>Requirements</td>
<td>Receipts</td>
<td>Net Appropriation</td>
</tr>
<tr>
<td>1101 Medical Assistance Administration</td>
<td>48,834,267</td>
<td>27,531,855</td>
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<tr>
<td>1102 Contracts and Agreements</td>
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<td>34,870,871</td>
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<tr>
<td>1103 Health Information Technology</td>
<td>75,391,199</td>
<td>74,943,115</td>
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<tr>
<td>1210 Medical Assistance County Administration</td>
<td>120,000</td>
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<tr>
<td>1310 Medical Assistance Payments</td>
<td>12,880,127,462</td>
<td>8,045,561,730</td>
<td>4,834,572,732</td>
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<tr>
<td>1317 Community Care North Carolina</td>
<td>230,376,327</td>
<td>147,732,318</td>
<td>82,644,009</td>
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<tr>
<td>1330 Payment Adjustments</td>
<td>(48,834,267)</td>
<td>(37,098,330)</td>
<td>(11,735,930)</td>
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<tr>
<td>1337 Consolidated Supplemental Hospital Payments</td>
<td>2,363,123,302</td>
<td>3,498,094,821</td>
<td>(1,134,971,519)</td>
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<td>1340 Unexpended Refunds</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1350 Medicaid Periodic Interim Payments</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>1360 Revenue Sharing</td>
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<tr>
<td>1361 Revenue &amp; Transfers</td>
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</tr>
<tr>
<td>1362 Federal Indirect Reserves</td>
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<tr>
<td>1363 Prior Year Earned Revenue</td>
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<td>1364 Prior Year Audit Adjustments</td>
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</table>

### Division-wide Items

- **N/A** Reserve for Compensation Increase: 288,423 (N/A) 288,423 (N/A) 288,423 (N/A) 288,423 (N/A)
- **N/A** Reserve for Retirement Contributions: 76,905 (N/A) 76,905 (N/A) 76,905 (N/A) 76,905 (N/A)

**Total**

- $114,006,132,911
- $10,960,055,139
- $3,918,231,277
- ($5,015,081,447)
- ($304,773,525) ($316,324,022) ($14,201,234,506)
- $10,675,922,114
- $3,655,917,350
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<td><strong>Net Appropriation</strong></td>
<td><strong>Receipts</strong></td>
<td><strong>Total Requirements</strong></td>
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<td>Contracts and Agreements</td>
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<td>1311</td>
<td>Community Care North Carolina</td>
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<td>Medical Assistance Cost Settlement</td>
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<td>Undispositioned Refunds</td>
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<tr>
<td>1993</td>
<td>Prior Year Audit and Adjustments</td>
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<td>-</td>
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<tr>
<td><strong>Total FTE</strong></td>
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<td><strong>400.51</strong></td>
<td><strong>25.00</strong></td>
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Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>GENERAL FUND</th>
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<tbody>
<tr>
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**Legislative Changes**

**78 Compensation Increase Reserve**

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</thead>
</table>

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**70 State Retirement Contributions**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>$30.762</th>
<th>R</th>
<th>$46,143</th>
<th>NR</th>
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</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.0% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**80 Medicaid Rebase**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>($310,524,345)</th>
<th>R</th>
<th>($6,056,927)</th>
<th>NR</th>
</tr>
</thead>
</table>

Reduces the Division of Medical Assistance (DMA) base budget as a result of forecasted changes in enrollment, utilization, and pricing based on the Division of Medical Assistance forecasting model and year-to-date trends in spending and enrollment. The reduction in the Medicaid rebase represents a 7.9% decrease from the enacted budget. The revised net appropriation for DMA is $3.6 billion after all changes.

**61 Expand Support for Alzheimer’s Patients**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>$1,000,000</th>
<th>R</th>
</tr>
</thead>
</table>

Expands support for Alzheimer’s patients and their families through 320 additional slots for Community Alternative Program for Disabled Adults (CAP-DA) effective 1/1/17. The revised net appropriation for DMA is $3.6 billion after all changes.

Health and Human Services
## Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
<th></th>
</tr>
</thead>
</table>

### 82 Innovations Waiver
- **Fund Code:** 1310
- **FY 16-17:** $2,595,640

Provides funding to increase NC Innovations 1915(c) Waiver slots by 250 individuals effective 1/1/17 who qualify for institutional level care due to intellectual or developmental disabilities, but can be served under a community alternatives program in their homes. The revised net appropriation for DMA is $3.6 billion after all changes.

### 83 Community Alternatives Program for Children (CAP-C) Nursing Rates
- **Fund Code:** 1310
- **FY 16-17:** $2,266,000

Increases Registered Nurses (RN) and Licensed Practical Nurses (LPN) rates for Community Alternatives Program for Children (CAP-C) services to the same rate that is in effect for private duty nursing. The CAP-C nursing rates will be increased by 10%. The revised net appropriation for DMA is $3.6 billion after all changes.

### 84 Federal Rural Hospital Designation - Graduate Medical Education
- **Fund Code:** 1337
- **FY 16-17:** $543,182

Provides funds to offset the fiscal impact of Cape Fear Valley Medical Center being reclassified as a rural hospital by the Centers for Medicare and Medicaid Services as referenced in the "Graduate Medical Education" item in the Division of Central Management and Support. The reclassification results in access to federal funding for residency programs that will be affiliated with Campbell University Medical School. The reclassification will reduce the rate used to calculate the upper payment limit supplemental payment, and thus reduce the assessment collected and the State's retention of 26.85% of that amount. The revised net appropriation for DMA will be $3.6 billion after all changes.

### 85 Critical Positions
- **Fund Code:** 1910
- **FY 16-17:** $1,150,000

Provides funds for Division of Health Benefits to enhance staffing and operate 3 critical organizational units (Business Information Office, Clinical Policy, and Operations). New staff will support automation, data retrieval, and analysis. Additionally, the new staff will provide oversight and management of Medicaid policy, vendors, and stakeholders and continue support of provider and recipient services. The revised net appropriation for DMA will be $3.6 billion after all changes.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>($302,373,244)</th>
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<tr>
<td>Total Position Changes</td>
<td>($7,951,078)</td>
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<tr>
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<td>$3,805,912,350</td>
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</table>

### Health and Human Services

Page G 56
## General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$202,808,764</td>
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<td>Receipts</td>
<td>$202,062,006</td>
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<td><strong>Net Appropriation</strong></td>
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<td>Requirements</td>
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<td>Receipts</td>
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<td><strong>Net Appropriation</strong></td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$184,894,219</td>
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<td>Receipts</td>
<td>$183,796,630</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
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### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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<td><strong>Legislative Changes</strong></td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Fund Code</td>
<td>Fund Name</td>
</tr>
<tr>
<td>-----------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>1101</td>
<td>Health Choice Administration</td>
</tr>
<tr>
<td>1102</td>
<td>Contracts and Agreements</td>
</tr>
<tr>
<td>1210</td>
<td>Health Choice Payments</td>
</tr>
<tr>
<td>1311</td>
<td>Community Care North Carolina</td>
</tr>
<tr>
<td>1300</td>
<td>Payment Adjustments</td>
</tr>
<tr>
<td>1231</td>
<td>Relates</td>
</tr>
<tr>
<td>1340</td>
<td>Unapportioned Receipts</td>
</tr>
</tbody>
</table>

Division-wide Items:
- N/A: Reserved for Compensation Increase
- N/A: Reserved for Retirement Contributions

| Total     | $220,918,704 | $222,062,846 | $746,735 | ($57,814,546) | ($18,263,316) | $144,051 | $184,894,219 | $183,796,630 | $1,097,589 |

Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session
## NC Health Choice

<table>
<thead>
<tr>
<th>Budget Code</th>
<th>Fund Code</th>
<th>Fund Name</th>
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<th>Legislative Changes</th>
<th>Revised</th>
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<tr>
<td>14446</td>
<td>1101</td>
<td>Health Choice Administration</td>
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<td>5.00</td>
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<tr>
<td></td>
<td>1102</td>
<td>Contracts and Agreements</td>
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<td>-</td>
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<td></td>
<td>1310</td>
<td>Health Choice Payments</td>
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<tr>
<td></td>
<td>1331</td>
<td>Rebates</td>
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<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>1340</td>
<td>Undispositioned Receipts</td>
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<tr>
<td><strong>Total FTE</strong></td>
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</table>
Health and Human Services

<table>
<thead>
<tr>
<th>Legislative Changes</th>
</tr>
</thead>
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<tr>
<td><strong>(10.0) NC Health Choice</strong></td>
</tr>
<tr>
<td><strong>86 Compensation Increase Reserve</strong></td>
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<tr>
<td>Fund Code: N/A</td>
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<tr>
<td>$1,567 R</td>
</tr>
<tr>
<td>$522 NR</td>
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<tr>
<td>Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
</tr>
<tr>
<td><strong>87 State Retirement Contributions</strong></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
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<tr>
<td>$272 R</td>
</tr>
<tr>
<td>$408 NR</td>
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<td>Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.</td>
</tr>
<tr>
<td><strong>88 Health Choice Rebase</strong></td>
</tr>
<tr>
<td>Fund Code: 1310</td>
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<tr>
<td>($4,913,716) R</td>
</tr>
<tr>
<td>$4,961,778 NR</td>
</tr>
<tr>
<td>Provides funding for the Health Choice Rebase. The revised net appropriation for the Health Choice Program is $1 million.</td>
</tr>
<tr>
<td><strong>Total Legislative Changes</strong></td>
</tr>
<tr>
<td>($4,611,077) R</td>
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<tr>
<td><strong>Total Position Changes</strong></td>
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<tr>
<td>$4,962,708 NR</td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>$1,097,599</td>
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## Services for the Blind/Deaf/Hard of Hearing
### Budget Code 14450

<table>
<thead>
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<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$33,630,274</td>
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<tr>
<td>Receipts</td>
<td>$25,457,067</td>
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<tr>
<td>Net Appropriation</td>
<td>$8,173,207</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
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<tr>
<td>Requirements</td>
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<tr>
<td>Receipts</td>
<td>$0</td>
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<tr>
<td>Net Appropriation</td>
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<tr>
<td><strong>Revised Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$33,721,927</td>
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<tr>
<td>Receipts</td>
<td>$25,457,067</td>
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<td>Net Appropriation</td>
<td>$8,264,860</td>
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## General Fund FTE

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<tr>
<th></th>
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</tr>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>312.84</td>
</tr>
</tbody>
</table>
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Services for the Blind/Deaf/Hard of Hearing</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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<tr>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------</td>
<td>--------------</td>
<td>----------</td>
</tr>
<tr>
<td>1110</td>
<td>Service Support</td>
<td>2,917,133</td>
<td>1,554,001</td>
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<tr>
<td>1180</td>
<td>Deaf and Hard of Hearing - State Capacity Building</td>
<td>626,729</td>
<td>626,729</td>
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<td>1281</td>
<td>Access and Outreach Deaf Community - Local Agencies</td>
<td>757,242</td>
<td>757,242</td>
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<tr>
<td>1282</td>
<td>Access and Outreach Deaf Community - Citizens</td>
<td>766,801</td>
<td>766,801</td>
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<tr>
<td>1410</td>
<td>Deaf and Hard of Hearing - Client Services</td>
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<td>1,376,419</td>
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<tr>
<td>1420</td>
<td>Medical Eye Care Services</td>
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<tr>
<td>1451</td>
<td>Independent Living Services - Chore and Adjustment</td>
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<td>1452</td>
<td>Independent Living Rehabilitation Services</td>
<td>1,416,048</td>
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<td>1481</td>
<td>Vocational Rehabilitation - Employment</td>
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<td>15,485,559</td>
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<td>1482</td>
<td>Small Business Employment Services</td>
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<td>933,853</td>
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<td>1891</td>
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<td>1992</td>
<td>Prior Year - Earned Revenue</td>
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<tr>
<td><strong>Division-wide Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A Reserve for Compensation Increase</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>N/A Reserve for Retirement Contributions</td>
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<td>-</td>
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<tr>
<td>Total</td>
<td>$33,830,274</td>
<td>$25,457,367</td>
<td>$8,173,207</td>
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</table>
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
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<th>Revised</th>
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<tr>
<td>1110</td>
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<td>1160</td>
<td>Deaf and Hard of Hearing - State Capacity Building</td>
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<td>Access and Outreach Deaf Community - Local Agency</td>
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<tr>
<td>1282</td>
<td>Access and Outreach Deaf Community - Citizens</td>
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<td>1410</td>
<td>Deaf and Hard of Hearing - Client Services</td>
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<td>1420</td>
<td>Medical Eye Care Services</td>
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<td>1451</td>
<td>Independent Living Services - Chore and Adjustment</td>
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<td>Independent Living Rehabilitation Services</td>
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<td>1481</td>
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<td>1991</td>
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<td><strong>Total FTE</strong></td>
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<td><strong>312.84</strong></td>
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<td><strong>312.84</strong></td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

Health and Human Services

<table>
<thead>
<tr>
<th>General Fund</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
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</table>

**Legislative Changes**

(11.0) Division of Services for the Blind and Services for the Deaf and Hard of Hearing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>Compensation Increase Reserve</td>
<td>NA</td>
<td>$56,593 R</td>
</tr>
<tr>
<td></td>
<td>Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. In addition, funds are provided for salary increases for State agency teachers who are paid in accordance with the Statewide teacher salary schedule. Corresponding special provisions provide additional details on these compensation adjustments. For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 90   | State Retirement Contributions | NA | $8,230 R |
|      | Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TISERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees. For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TISERS is $1.6 billion, an increase of $79.0 million for FY 2016-17. |
|      | $12,300 NR |

| **Total Legislative Changes** | $64,793 R |
| **Total Position Changes** | $29,670 NR |
| **Revised Budget** | $8,264,980 |

Health and Human Services

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Conference Report on the Base, Capital, and Expansion Budget

DHHS-BLIND & DEAF/HH-TRUST TELEC

<table>
<thead>
<tr>
<th>Budget Code: 67425</th>
</tr>
</thead>
</table>

**FY 2016-17**

**Beginning Unreserved Fund Balance**

$15,566,132

**Recommended Budget**

- Requirements: $8,508,549
- Receipts: $11,878,837
- Positions: 28.00

**Legislative Changes**

**Requirements:**

- Data Collection and Service Management Information System: $0 R
  - Transfers funds to Budget Code 24410 for the implementation of a Data Collection and Service Management Information System to replace the current legacy system used by the Division of Services for the Deaf and Hard of Hearing. The project shall not proceed until the Business Case has been approved by the State Budget Director and the State Chief Information Officer.
  - Subtotal Legislative Changes: $0 R
  - $750,000 NR
  - 0.00

**Receipts:**

- DHHS - Blind & Deaf/HH - Telecommunications: $0 R
- Relay Receipts: $0 NR

**Subtotal Legislative Changes**

- $0 R
- $0 NR

Health and Human Services
### Conference Report on the Base, Capital, and Expansion Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Total Requirements</td>
<td>$9,269,549</td>
</tr>
<tr>
<td>Revised Total Receipts</td>
<td>$11,970,037</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>$2,617,288</td>
</tr>
<tr>
<td>Total Positions</td>
<td>28.00</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
<td>$10,183,420</td>
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</tbody>
</table>

Health and Human Services

Page 66
Agriculture and Natural and Economic Resources
Section H
# Department of Agriculture and Consumer Services
## Budget Code 13700

### General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$170,696,152</td>
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<tr>
<td>Receipts</td>
<td>$53,740,379</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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<tr>
<td>Requirements</td>
<td>$9,753,549</td>
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### General Fund FTE

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### Summary of General Fund Appropriations
#### Fiscal Year 2016-17
#### 2016 Legislative Session

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<tr>
<th>Department of Agriculture and Consumer Services</th>
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<td>0102</td>
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<td>Tourism</td>
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<td>Agronomic Services</td>
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<td>Federal - State Agricultural Statistics</td>
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#### Agriculture and Consumer Services

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**Total:** $179,698,152

**Notes:**
- HCF: Forest Service
- USDA: United States Department of Agriculture

**Department with Items:**
- NA: Compensation Reserve
- NA: State Retirement Contributions

**Total:** $179,698,152

**Summary:**
- The summary includes appropriations for various programs under the Department of Agriculture and Consumer Services.
- The enacted budget amounts are compared with legislative changes to determine the revised budget.
- The totals show a significant appropriation for programs, with a total of $179,698,152.
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

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<td>1991</td>
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**Total FTE** 1,827.75 10.00 - 1,837.75
Conference Report on the Base, Capital, and Expansion Budget

Agriculture and Consumer Services

Total Budget Enacted 2015 Session

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<th></th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$116,965,773</td>
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</table>

**Legislative Changes**

**Reserve for Salaries and Benefits**

1. Compensation Increase Reserve
   - **Fund Code:** N/A
   - **Amount:** $1,115,017
   - **Reason:** R
   - Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

2. State Retirement Contributions
   - **Fund Code:** N/A
   - **Amount:** $193,461
   - **Reason:** R
   - Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

3. Forest Service
   - **3 Firefighting Equipment**
     - **Fund Code:** 1510
     - **Amount:** $3,000,000
     - **Reason:** NR
     - Provides $3.0 million in nonrecurring funding to purchase an airplane and heavy equipment to be used for firefighting. The revised net appropriation to the Forest Service in FY 2016-17 is $39.7 million.

4. DuPont State Forest Positions
   - **Fund Code:** 1010
   - **Amount:** $29,335
   - **Reason:** R
   - Provides additional funding to the Forest Service to support 9 positions and associated operating expenses at DuPont State Forest. The revised net appropriation to the Forest Service in FY 2016-17 is $39.7 million.

Agriculture and Consumer Services
Conference Report on the Base, Capital, and Expansion Budget

5 Forest Development Fund

<table>
<thead>
<tr>
<th>Fund Code: 1010</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides nonrecurring funding to supplement the Forest Development Fund. These funds are in addition to the funding provided from forest product assessments and will be used for hardwood or soft-hardwood forestation projects. The total funding available in the Forest Development Fund for FY 2016-17 is $1.8 million. The revised net appropriation to the Fund is $75,000.</td>
<td></td>
</tr>
</tbody>
</table>

Marketing

6 International Marketing

<table>
<thead>
<tr>
<th>Fund Code: 1020</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides $500,000 in nonrecurring funding for international marketing of North Carolina agricultural products. The revised net appropriation provided to the Marketing Division is $8.7 million.</td>
<td></td>
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</tbody>
</table>

7 New Market Opportunities

<table>
<thead>
<tr>
<th>Fund Code: 1020</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgets the cash balance of $180,719 transferred from the Swine Waste fund (23704-2730) to the Marketing Division to identify new market opportunities for agricultural and silvicultural producers related to products that producers currently hold, produce, or are capable of producing. The funds are available for activities including identifying new markets, identifying barriers to market entry, catalyzing efforts to accelerate and ease market participation, educating local extension officers, and creating quality assurance mechanisms for products and service providers. The revised net appropriation to the Marketing Division is $8.7 million.</td>
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Reserves and Transfers

8 Tobacco Trust Fund

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<th>Fund Code: 1990</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides $1.1 million in additional nonrecurring funding to the Tobacco Trust Fund. The revised net appropriation provided to the Trust Fund in FY 2016-17 is $4.1 million, of which $2.1 million is nonrecurring.</td>
<td></td>
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</table>

9 Ag Development and Farmland Preservation Trust Fund - Military Buffers

<table>
<thead>
<tr>
<th>Fund Code: 1990</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides $1.0 million in nonrecurring funding to the Trust Fund for military buffers. The revised net appropriation to the Trust Fund in FY 2016-17 is $3.6 million.</td>
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</table>

10 Eastern 4-H Center

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<thead>
<tr>
<th>Fund Code: 1990</th>
<th>FY 16-17</th>
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</thead>
<tbody>
<tr>
<td>Provides nonrecurring funding to support the Eastern 4-H Center. The revised net appropriation provided to the Center through the Department in FY 2015-17 is $300,000.</td>
<td></td>
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</table>

Agriculture and Consumer Services
Conference Report on the Base, Capital, and Expansion Budget

**11 Association of Agricultural Fairs**
- **Fund Code:** 1990
- **FY 16-17:** $300,000 NR

Provides a nonrecurring grant to the Association of Agricultural Fairs. The revised net appropriation to the Association is $300,000.

**12 Healthy Food Small Retailers**
- **Fund Code:** 1090
- **FY 16-17:** $250,000 NR

Provides $250,000 in nonrecurring funds to increase the availability of fresh agricultural products in food deserts located in the State. The revised net appropriation for food deserts in FY 2016-17 is $250,000.

**Soil and Water**

**13 Agricultural Water Resources Assistance Program (AgWRAP)**
- **Fund Code:** 1611
- **FY 16-17:** $500,000 NR

Provides $500,000 in nonrecurring funds to supplement existing cost-share funding for AgWRAP. The revised net appropriation in FY 2016-17 is $1.5 million.

**14 Agricultural Water Resources Assistance Program (AgWRAP)**
- **Fund Code:** 1611

Reallocates $150,000 in recurring funding from AgWRAP cost-share grants to directly support technical assistance and administration of the program. The revised net appropriation in FY 2016-17 is $1.5 million.

**Veterinary Services**

**15 Animal Shelter Support Program**
- **Fund Code:** 1130
- **FY 16-17:** ($150,000) R

Reduces funding for the Animal Shelter Support Fund. The revised net appropriation for the Fund is $100,000.

**16 Animal Welfare Position**
- **Fund Code:** 1130
- **FY 16-17:** $77,353 R

Provides funding to support 1 new position in the Animal Welfare Section of the Veterinary Services Division. This position will be responsible for providing consultative services to animal shelters regarding their operations. The revised net appropriation to the Veterinary Services Division is $10.1 million.

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<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>$1,065,766 R</th>
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<tr>
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Agriculture and Consumer Services

Page H 8
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<tr>
<td>Beginning Unreserved Fund Balance</td>
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**Legislative Changes**

**Requirements:**

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<tr>
<td>Transfers all remaining cash balance in the Swine Waste fund to the Marketing Division (13706-1030) for agricultural and silvicultural new market opportunities. The fund will be closed following the transfer of the remaining funds in FY 2016-17.</td>
<td>$180,719</td>
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<td>Subtotal Legislative Changes</td>
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**Receipts:**

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<tr>
<td>Transfers all remaining cash balance in the Swine Waste fund to the Marketing Division [13706-1030] for agricultural and silvicultural new market opportunities. The fund will be closed following the transfer of the remaining funds in FY 2016-17.</td>
<td>$0</td>
<td>NR</td>
</tr>
<tr>
<td>Subtotal Legislative Changes</td>
<td>50</td>
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<tr>
<td>--------------------------------</td>
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<tr>
<td>Revised Total Requirements</td>
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<td>Revised Total Receipts</td>
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<td>Change in Fund Balance</td>
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<td>Total Positions</td>
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<td>Unappropriated Balance Remaining</td>
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### General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
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<tr>
<td><strong>Enacted Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$32,285,798</td>
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<tr>
<td>Receipts</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
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<td><strong>Legislative Changes</strong></td>
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<tr>
<td>Requirements</td>
<td>$238,426</td>
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<td>Receipts</td>
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<td><strong>Net Appropriation</strong></td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
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</tr>
<tr>
<td>Receipts</td>
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### General Fund FTE

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<th>Amount</th>
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<td><strong>Enacted Budget</strong></td>
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## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Labor</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Department-wide Items</th>
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<tr>
<td><strong>Budget Code 1000</strong></td>
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<td><strong>Fund Name</strong></td>
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<tr>
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<td>3330 State and Safety Inspections Division</td>
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<td>3340 Federal Mine Safety and Health Act</td>
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<td>150,045</td>
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<tr>
<td>3410 Wage and Hour Division</td>
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<td>3,543,581</td>
<td>2,977,940</td>
<td>(129,506)</td>
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<td>3510 Review Commission</td>
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<td>3520 CSHRA - State Funds</td>
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<td>3530 CSHRA - Federal Funds</td>
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<td>3590 Bureau of Construction Services</td>
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<td>3600 OSHA/NIOSH Statistical Program</td>
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<td>254,200</td>
<td>127,127</td>
<td>127,127</td>
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<td>Total: indirect Costs - Reserve</td>
<td>1,082,237</td>
<td>1,082,237</td>
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</table>

| Total | $33,285,786 | $16,463,963 | $15,822,295 | $253,426 | $(65,004) | $280,430 | $32,524,224 | $99,493,550 | $16,120,683 |

Labor
### Summary of General Fund Total Requirement FTE
#### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Labor</th>
<th>Budget Code 13800</th>
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<th>Revised</th>
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<td>Fund Name</td>
<td>Total Requirements</td>
<td>Net Appropriation</td>
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<td>1120</td>
<td>Administrative Services</td>
<td>41,239</td>
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<td>1210</td>
<td>Research and Information Technology</td>
<td>5,090</td>
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<td>1310</td>
<td>Boiler Inspection Division</td>
<td>24,000</td>
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<tr>
<td>1320</td>
<td>Elevator Inspection Division</td>
<td>46,000</td>
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<tr>
<td>1330</td>
<td>Mine and Quarry Inspection Division</td>
<td>4,600</td>
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<td>-</td>
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<tr>
<td>1331</td>
<td>Federal Mine Safety and Health Act</td>
<td>1,400</td>
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<tr>
<td>1340</td>
<td>Wage and Hour Division</td>
<td>31,000</td>
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<tr>
<td>1345</td>
<td>Employment Discrimination Bureau</td>
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<td>1350</td>
<td>Occupational Health and Safety Administration</td>
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<tr>
<td>1351</td>
<td>Review Commission</td>
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<tr>
<td>1352</td>
<td>OSHA - State Funds</td>
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<tr>
<td>1353</td>
<td>OSHA - Federal Funds</td>
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<td>1358</td>
<td>Bureau of Consultative Services</td>
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<td>1360</td>
<td>OSHA/BLS Statistical Program</td>
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<td>1991</td>
<td>Indirect Costs - Reserve</td>
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<tr>
<td><strong>Total FTE</strong></td>
<td>383,252</td>
<td>(1,00)</td>
<td>-</td>
<td>382,252</td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

Labor

<table>
<thead>
<tr>
<th>General Fund</th>
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<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
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<tr>
<td><strong>FY 16-17</strong></td>
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<tr>
<td>$16,022,236</td>
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<table>
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<tbody>
<tr>
<td>Reserve for Salaries and Benefits</td>
</tr>
<tr>
<td>17 Compensation Increase Reserve</td>
</tr>
<tr>
<td>Fund Code: N/A</td>
</tr>
<tr>
<td>$202,644 R</td>
</tr>
<tr>
<td>$67,615 NR</td>
</tr>
<tr>
<td>Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
</tr>
<tr>
<td>18 State Retirement Contributions</td>
</tr>
<tr>
<td>Fund Code: N/A</td>
</tr>
<tr>
<td>$35,190 R</td>
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<tr>
<td>$52,785 NR</td>
</tr>
<tr>
<td>Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.</td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.</td>
</tr>
</tbody>
</table>

| Occupational Safety and Health (OSH) Division |
| 19 Vacant Position Elimination |
| Fund Code: 1350 |
| ($60,004) R |
| -1.00 |
|Eliminates 2 Safety Compliance Officer I positions (60013080 and 60013109) that have been vacant for more than 2 years. Funding for each of these positions is evenly split between net General Fund and federal receipts, so each of these positions is a net appropriation reduction of 0.5 FTE. The revised net appropriation for the OSH Division in FY 2016-17 is $10.9 million. |
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
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<tr>
<td>Total Position Changes</td>
</tr>
<tr>
<td>Revised Budget</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Labor
## General Fund Budget

**FY 2016-17**

### Enacted Budget
- Requirements: $158,146,952
- Receipts: $75,717,343
- Net Appropriation: $82,429,609

### Legislative Changes
- Requirements: $22,807,076
- Receipts: $3,040,000
- Net Appropriation: $19,767,076

### Revised Budget
- Requirements: $180,954,028
- Receipts: $78,757,343
- Net Appropriation: $102,196,685

## General Fund FTE

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<th>Revised Budget</th>
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<td></td>
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<td>Appropriations Requested</td>
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<tr>
<td>Health Care</td>
<td>General Fund</td>
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<td>Education</td>
<td>General Fund</td>
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<td>25,000,000</td>
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<tr>
<td>Transportation</td>
<td>General Fund</td>
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<td>Environment</td>
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<td>Economic Development</td>
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### Summary of General Fund Total Requirement FTE
**Fiscal Year 2016-17**
**2016 Legislative Session**

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<td>Net Appropriation</td>
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<tr>
<td>1125</td>
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<td>1320</td>
<td>Marine Fisheries - Research and Management</td>
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<td>1460</td>
<td>WW - Water Infrastructure</td>
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<td>1490</td>
<td>Water Supply Protection</td>
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<td>1495</td>
<td>Shellfish Sanitation</td>
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<td>LWIS - Net. Res. Planning and Construction</td>
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<td>1695</td>
<td>Water Resources - Permit Fees</td>
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<td>1705</td>
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<td>1710</td>
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<td>Wetlands-Program Development</td>
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<td>Land Quality</td>
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<td>Reserves and Transfers</td>
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<td><strong>Total FTE</strong></td>
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Environmental Quality

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<tr>
<td><strong>FY 16-17</strong></td>
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**Reserve for Salaries and Benefits**

20 Compensation Increase Reserve

*Fund Code: N/A*

<p>| | | |</p>
<table>
<thead>
<tr>
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<tr>
<td></td>
<td>$586,945</td>
<td>R</td>
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<tr>
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<td>$195,648</td>
<td>NR</td>
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Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

21 State Retirement Contributions

*Fund Code: N/A*

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
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<tr>
<td></td>
<td>$101,524</td>
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<tr>
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<td>$152,286</td>
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Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**Department-wide**

22 Salary Reserve

*Fund Code: N/A*

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>($305,968)</td>
<td>R</td>
</tr>
</tbody>
</table>

Reduces the salary reserve available to the Department by $305,968. The revised net appropriation for salaries across the Department is $317 million.

23 Public Information Officer (PIO) Positions

*Fund Code: N/A*

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>($314,500)</td>
<td>R</td>
</tr>
<tr>
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</table>

Eliminates 3 PIO positions and associated operating costs. The Department has the discretion to identify the 3 PIO positions to eliminate. The revised net appropriation provided to the Department for PIO salaries and benefits is $456,244.

Environmental Quality
Conference Report on the Base, Capital, and Expansion Budget

**Administrative Services**

**24 Vacant Position**
- **Fund Code:** 1140
- **FY 16-17:** ($87,861) R

Eliminates a vacant Attorney II position (50035027). The revised net appropriation to the Administrative Services Division in FY 2016-17 is $85.5 million.

**Energy Office**

**25 Vacant Positions**
- **Fund Code:** 1740
- **FY 16-17:** ($147,949) R

Eliminates a vacant Environmental Senior Specialist position (500179957) and a vacant Engineer position (50209956). The revised net appropriation to the Energy Office is $1.9 million.

**26 NC State Energy Center**
- **Fund Code:** 1749
- **FY 16-17:** $200,000 NR

Provides an additional $200,000 in nonrecurring funds to the NC State Energy Center. The revised net appropriation to the Center in FY 2016-17 is $600,000.

**Marine Fisheries**

**27 Oyster Sanctuaries**
- **Fund Code:** 1320
- **FY 16-17:** $1,030,000 NR

Provides additional nonrecurring funding to support a network of oyster sanctuaries. The revised net appropriation provided for oyster sanctuaries in FY 2016-17 is $1,380,000.

**29 Shellfish Positions**
- **Fund Code:** 1320
- **FY 16-17:** $140,000 R

Provides funding for 2 new positions and associated operating expenses in Marine Fisheries. The positions are provided to accelerate shellfish industry growth in the State and will focus on shellfish production and recycling activities. The revised net appropriation for Marine Fisheries in FY 2016-17 is $15.5 million.

**29 Shellfish Rehabilitation**
- **Fund Code:** 1320
- **FY 16-17:** $300,000 NR

Provides additional funding for cultch planting. The revised net appropriation for cultch planting in FY 2016-17 is $1.2 million.

**30 Crab Pot Cleanup**
- **Fund Code:** 1320
- **FY 16-17:** $100,000 NR

Provides $100,000 in nonrecurring funds for a crab pot cleanup pilot project to be managed by North Carolina Sea Grant. The revised net appropriation for crab pot cleanup is $100,000.

**Environmental Quality**

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Conference Report on the Base, Capital, and Expansion Budget

31 Marine Patrol

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
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<tbody>
<tr>
<td>1325</td>
<td>$150,000</td>
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Provides additional nonrecurring funding for the Marine Patrol to be used for fuel and equipment purchases necessary for an increase in operations of the patrol. The revised net appropriation provided to Marine Patrol in FY 2016-17 is $4.2 million.

Waste Management

32 Mercury Pollution Cash Balance

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
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<tbody>
<tr>
<td>1760</td>
<td>($2,540,000)</td>
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</table>

Budgets a nonrecurring transfer of the cash balance in the Mercury Pollution Prevention Account (24300-2119) in FY 2016-17 for the following purposes:
- $2.5 million to reduce the net appropriation for the Division of Waste Management in FY 2016-17, and
- $500,000 in requirements and receipts to continue the Mercury Switch Removal program until June 30, 2017.

The revised net appropriation for the Division of Waste Management in FY 2016-17 is $910,303.

Water Infrastructure

33 State Grant Program Expansion

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
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</thead>
<tbody>
<tr>
<td>1460</td>
<td>$18,798,981</td>
</tr>
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</table>

Provides additional nonrecurring funds for State water and wastewater infrastructure grants. The revised net appropriation to the Division of Water Infrastructure for water and wastewater grants is $33.8 million.

Water Resources

34 In-Situ Technologies

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>1630</td>
<td>$1,300,000</td>
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</table>

Provides $1.3 million to study alternative in-situ water treatment strategies and implement trials of these strategies. The revised net appropriation for the Division of Water Resources is $12.5 million.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
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<tr>
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<table>
<thead>
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<table>
<thead>
<tr>
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<td>$102,196,608</td>
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Environmental Quality

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863
<table>
<thead>
<tr>
<th>DENR - Special</th>
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<tr>
<td><strong>Budget Code:</strong> 24300</td>
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<table>
<thead>
<tr>
<th>FY 2016-17</th>
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<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
</tr>
<tr>
<td>Requirements</td>
</tr>
<tr>
<td>Receipts</td>
</tr>
<tr>
<td>Positions</td>
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**Legislative Changes**

**Requirements:**

<table>
<thead>
<tr>
<th>Inspection and Maintenance Fees (I&amp;M) - Continuation Review Restoration (2338)</th>
<th>$2,000,000</th>
<th>R</th>
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</thead>
<tbody>
<tr>
<td>Restores the recurring I&amp;M fee transfer to support the Division of Air Quality following a continuation review. The FY 2016-17 transfer budgeted for the Division is $2 million.</td>
<td>0.00</td>
<td>NR</td>
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</table>

<table>
<thead>
<tr>
<th>Mercury Pollution Prevention Account (2119)</th>
<th>$3,040,000</th>
<th>NR</th>
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</thead>
<tbody>
<tr>
<td>Transfers any remaining cash balance available in the Mercury Pollution Prevention Account to the Division of Waste Management in FY 2016-17. The remaining cash balance is estimated to be $3.0 million. $2.5 million of the cash balance is provided to support the Division of Waste Management, with the remaining cash balance provided to continue the Mercury Switch Removal program until June 30, 2017.</td>
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</table>

<table>
<thead>
<tr>
<th>Subtotal Legislative Changes</th>
<th>$2,000,000</th>
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<tbody>
<tr>
<td></td>
<td>$3,040,000</td>
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**Receipts:**

<table>
<thead>
<tr>
<th>Inspection and Maintenance Fees (I&amp;M) - Continuation Review Restoration (2338)</th>
<th>$2,000,000</th>
<th>R</th>
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</thead>
<tbody>
<tr>
<td>Restores the recurring I&amp;M fee transfer to support the Division of Air Quality following a continuation review. The FY 2016-17 transfer budgeted for the Division is $2 million.</td>
<td>0.00</td>
<td>NR</td>
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</table>

**Environmental Quality**

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Conference Report on the Base, Capital, and Expansion Budget

**FY 2016-17**

**Division** is $2 million.

**Mercury Pollution Prevention Account (2119)**

Adopts Department’s recommendation to not restore vehicle title fee receipts provided to the program following a continuation review. Therefore, no additional receipts will be deposited in the fund and the fund will be closed effective June 30, 2017.

| Subtotal Legislative Changes | $2,000,000 | R | 0 | NR |

| Revised Total Requirements | $98,849,530 |
| Revised Total Receipts | $91,744,151 |
| Change in Fund Balance | ($5,105,379) |
| Total Positions | 236.65 |

**Unappropriated Balance Remaining** $21,242,177
### Reserve for Air Quality - Fuel Tax

<table>
<thead>
<tr>
<th>FY 2016-17</th>
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</thead>
<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
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<tr>
<td><strong>Recommended Budget</strong></td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
</tr>
<tr>
<td><strong>Positions</strong></td>
</tr>
</tbody>
</table>

#### Legislative Changes

**Requirements:**

- **Water and Air Quality Account - Continuation Review Restoration (2334)**
  - Restores the recurring motor fuels tax transfer to the Water and Air Quality Account. The revised requirements for the Division of Air Quality from the motor fuels tax transfer is $7.3 million.
  - $7,299,805 R
  - 50 NR
  - 0.00

Subtotal Legislative Changes: $7,299,805 R

50 NR

0.00

**Receipts:**

- **Water and Air Quality Account - Continuation Review Restoration (2334)**
  - Restores the recurring motor fuels tax transfer to the Water and Air Quality Account. The revised receipts for the Division of Air Quality from the motor fuels tax transfer is $7.3 million.
  - $7,299,805 R
  - 50 NR

Subtotal Legislative Changes: $7,299,805 R

50 NR
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Revised Total Requirements</td>
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<tr>
<td>Revised Total Receipts</td>
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Environmental Quality
**DENR - Commercial LUST Cleanup**

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<td>Beginning Unreserved Fund Balance</td>
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**Recommended Budget**

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<tbody>
<tr>
<td>Requirements</td>
<td>$45,431,546</td>
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<tr>
<td>Receipts</td>
<td>$14,629,396</td>
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**Legislative Changes**

**Requirements:**

<table>
<thead>
<tr>
<th>Commercial Leaking Underground Storage Tank (LUST) Fund - Continuation Review Restoration (6370)</th>
<th>$16,200,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restores the recurring motor fuels tax transfer to the Commercial LUST Fund. The amount transferred to the Fund in FY 2016-17 is approximately $600,000 more than the amount transferred in FY 2015-16. The revised net appropriation remains 50, but total annual receipts available to the program are approximately $23.4 million.</td>
<td>0.00</td>
<td>NR</td>
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**Subtotal Legislative Changes**

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>$16,200,000</td>
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<td>0.00</td>
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**Receipts:**

<table>
<thead>
<tr>
<th>Commercial Leaking Underground Storage Tank (LUST) Fund - Continuation Review Restoration (6370)</th>
<th>$16,200,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restores the recurring motor fuels tax transfer to the Commercial LUST Fund. The amount transferred to the Fund in FY 2016-17 is approximately $600,000 more than the amount transferred in FY 2015-16. The revised net appropriation remains 50, but total receipts available to the program in FY 2016-17 are approximately $23.4 million.</td>
<td>0.00</td>
<td>NR</td>
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**Environmental Quality**
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subtotal Legislative Changes</td>
<td>$16,200,000 R</td>
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<tr>
<td>Revised Total Requirements</td>
<td>$61,631,546</td>
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<tr>
<td>Revised Total Receipts</td>
<td>$30,828,396</td>
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<td>Change in Fund Balance</td>
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<td>Total Positions</td>
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<td>Unappropriated Balance Remaining</td>
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Environmental Quality
<table>
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<tr>
<td>Requirements</td>
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<td>Receipts</td>
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<td><strong>Legislative Changes</strong></td>
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**General Fund FTE**

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Wildlife Resources Commission
<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<tr>
<td>Total FTE</td>
<td></td>
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</tr>
</tbody>
</table>
## Conference Report on the Base, Capital, and Expansion Budget

### Wildlife Resources Commission

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
</tr>
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<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td></td>
<td><strong>$10,023,496</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reserve for Salaries and Benefits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>35 Compensation Increase Reserve</strong></td>
<td><strong>$116,852</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
<td><strong>$38,951</strong></td>
</tr>
</tbody>
</table>

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

| **36 State Retirement Contributions** | **$19,022** |
| **Fund Code:** N/A | **$20,883** |

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Reserves</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>37 Outdoor Heritage Council</strong></td>
<td><strong>$100,000</strong></td>
</tr>
</tbody>
</table>
| **Fund Code:** 1171

Provides nonrecurring funds for the Outdoor Heritage Council. The revised net appropriation for the Council is $100,000.

| Total Legislative Changes | **$136,774** |
| Total Position Changes | **$169,024** |
| **Revised Budget** | **$10,329,104** |

Wildlife Resources Commission
### Conference Report on the Base, Capital, and Expansion Budget

**Motor Boat Interest Bearing**

<table>
<thead>
<tr>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
</tr>
<tr>
<td>Requirements</td>
</tr>
<tr>
<td>Receipts</td>
</tr>
<tr>
<td>Positions</td>
</tr>
</tbody>
</table>

#### Legislative Changes

**Requirements:**

- **Continuation Review Restoration (2371)**
  - Restores the recurring motor fuel tax transfer to the Boating Safety Account to support activities related to boating and water safety, including education and waterway marking, boating access areas, and maintenance of shallow draft inlets. The revised requirements for the Boating Safety Account are $16.7 million for FY 2016-17.
  - **Subtotal Legislative Changes**: $2,085,067 R

**Receipts:**

- **Continuation Review Restoration (2371)**
  - Restores the recurring motor fuel tax transfer to the Boating Safety Account to support activities related to boating and water safety, including education and waterway marking, boating access areas, and maintenance of shallow draft inlets. The revised receipts for the Boating Safety Account are $16.7 million for FY 2016-17.
  - **Subtotal Legislative Changes**: $2,085,067 R

---

**Wildlife Resources Commission**
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Total Requirements</td>
</tr>
<tr>
<td>Revised Total Receipts</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
</tr>
<tr>
<td>Total Positions</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
</tr>
</tbody>
</table>

Wildlife Resources Commission
### General Fund Budget

#### FY 2016-17

<table>
<thead>
<tr>
<th></th>
<th>Requirements</th>
<th>Receipts</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>$122,704,438</td>
<td>$65,108,310</td>
<td>$57,596,128</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>$20,320,848</td>
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<td>$20,320,848</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>$143,025,286</td>
<td>$65,108,310</td>
<td>$77,916,976</td>
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</table>

### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>413.31</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>7.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>420.31</td>
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</tbody>
</table>
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Commerce</th>
<th>Budget Code 4650</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Requirements</td>
<td>Revenues</td>
<td>Requirements</td>
<td>Revenues</td>
<td>Requirements</td>
</tr>
<tr>
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<tr>
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<td>Economic Development Partnership</td>
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<tr>
<td>1120</td>
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### Summary of General Fund Total Requirement FTE

#### Fiscal Year 2016-17

#### 2016 Legislative Session

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<thead>
<tr>
<th>Department of Commerce</th>
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<td><strong>Receipts</strong></td>
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<tr>
<td>1531</td>
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<td>NC Business Service Center</td>
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<td>1534</td>
<td>Rural Economic Development Division</td>
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<td>-</td>
</tr>
<tr>
<td>1541</td>
<td>International Trade Division</td>
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<td>1551</td>
<td>Travel Inquiry Section</td>
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<td>1552</td>
<td>Welcome Centers</td>
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<td>Wanchese - Marine Industrial Park</td>
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<td>-</td>
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<tr>
<td>1581</td>
<td>Industrial Finance Center</td>
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<td>-</td>
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<tr>
<td>1620</td>
<td>Community Assistance</td>
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<td>1631</td>
<td>Community Development Block Grants</td>
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<td>1632</td>
<td>Community Assistance - NSP</td>
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<tr>
<td>1831</td>
<td>Industrial Commission Administration</td>
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<td>-</td>
</tr>
<tr>
<td>1912</td>
<td>Reserves and Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total FTE** | 413.31 | 7.00 | - | 420.31
Conference Report on the Base, Capital, and Expansion Budget

Commerce

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>36 Compensation Increase Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>$183,735</td>
<td></td>
</tr>
<tr>
<td>$61,245</td>
<td></td>
</tr>
<tr>
<td>Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments. For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
<td></td>
</tr>
</tbody>
</table>

| **39 State Retirement Contributions**                    |   |
| Fund Code: N/A                                          |   |
| $31,875                                                  |   |
| $47,813                                                  |   |
| Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees. For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17. |   |

| **Department-wide**                                      |   |
| **40 Salary Reserve**                                   |   |
| Fund Code: 1111, 1534, 1552, and 1620                   |   |
| ($92,620)                                                |   |
| Eliminates salary reserve Department-wide. These funds will affect Administrative Services (1111), the Rural Economic Development Division (1534), Welcome Centers (1552), and Community Assistance (1620). The revised net appropriation for salaries across the Department in FY 2016-17 is $9.0 million. |   |

| **Administration**                                       |   |
| **41 General Operating Funds**                          |   |
| Fund Code: 1111                                         |   |
| $600,000                                                 |   |
| Provides additional funds to the Administrative Services Division for operating support, including travel. The revised net appropriation to the Administrative Services Division is $2.6 million. |   |

Commerce

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Conference Report on the Base, Capital, and Expansion Budget

### FY 16-17

<table>
<thead>
<tr>
<th>42 International Recruiting Coordination Office</th>
<th>$250,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1111</td>
<td>$750,000</td>
<td>NR</td>
</tr>
</tbody>
</table>

Provides funds to be used for the new International Recruiting Coordination Office within the Department of Commerce as set out in new G.S. 143B-432.1. Recurring funds are provided to hire up to 2 full-time employees to fulfill the duties of the Office and nonrecurring funds are provided for entertainment, hosting, screening, and gift procurement expenses of the Office. The revised net appropriation to the Administrative Services Division is $2.9 million.

### Commerce Graphics

<table>
<thead>
<tr>
<th>43 Domestic and International Advertising</th>
<th>$3,750,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1520</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Provides funds for marketing and advertising of the State designed to promote economic development, business development, and job recruitment. The revised net appropriation to Commerce Graphics is $3.9 million.

### Economic Development Partnership of NC (EDPNC)

<table>
<thead>
<tr>
<th>44 Food Manufacturing Task Force</th>
<th>$78,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1114</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Provides an additional $78,000 to the Economic Development Partnership of North Carolina (EDPNC) to support a position dedicated to attracting and maintaining existing food processing entities. The revised net appropriation to EDPNC is $19.0 million.

<table>
<thead>
<tr>
<th>45 Tourism Advertising</th>
<th>$1,000,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1114</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Provides additional funding to EDPNC for tourism advertising. In accordance with G.S. 143B-431.01(b), these funds are restricted for a research-based, comprehensive marketing program directed toward consumers in key markets most likely to travel to North Carolina and not for ancillary activities, such as statewide branding and business development marketing. The revised net appropriation to EDPNC is $19.0 million.

<table>
<thead>
<tr>
<th>46 Economic Development Partnership of NC</th>
<th>($273,561)</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1114</td>
<td>$273,541</td>
<td>NR</td>
</tr>
</tbody>
</table>

Reduces recurring funding for EDPNC by $273,561 and provides nonrecurring funds of $273,541. The revised net appropriation to EDPNC is $19.0 million.

---

Commerce
Conference Report on the Base, Capital, and Expansion Budget

Reserves

47 Regional Wastewater Funding

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>$6,000,000</td>
</tr>
</tbody>
</table>

Provides funds to be used for the construction of public infrastructure and improvements to public wastewater facilities, including pretreatment facilities. These funds are for economic development related to addressing the needs of pharmaceutical, biotech processing, telecommunications, and other industries located in the Johnston County Research and Training Zone established pursuant to Chapter 153A of the General Statutes. The revised net appropriation for the project is $6,000,000.

48 Regional Food Commercialization Centers

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Provides nonrecurring funding for consulting services that provide training and support for food companies and regional food commercialization centers. The revised net appropriation for this purpose is $100,000.

49 Broughton Hospital

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

Provides funds to continue an economic development project related to the reuse of the Broughton Hospital campus, including funding for consulting and mobilization efforts at the facility. The revised net appropriation for the Broughton project is $500,000.

Rural Economic Development Division

60 Downtown Revitalization Grants

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1534</td>
<td>$6,725,020</td>
</tr>
</tbody>
</table>

Provides $5,725,020 for grants-in-aid for downtown revitalization projects in 56 municipalities in North Carolina. The revised net appropriation to the Rural Economic Development Division is $161 million.

51 Broadband Infrastructure Funds

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1534</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

Provides grant funds for 2 broadband infrastructure initiatives; a project in Cumberland County and a project in Stokes County. The revised net appropriation to the Rural Economic Development Division is $161 million.

52 Community Planners For Prosperity Zones

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1534</td>
<td>$336,000</td>
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Provides funding for new community planner positions to be responsible for assisting communities in the Prosperity Zones with economic development strategic planning, land-use planning, downtown economic revitalization, and technical support. The revised net appropriation to the Rural Economic Development Division is $161 million.

Commerce
Conference Report on the Base, Capital, and Expansion Budget

Workforce Solutions

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>S3 Apprenticeship Program</td>
<td>$950,000</td>
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<tr>
<td>Fund Code: 1912</td>
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<tr>
<td></td>
<td>NR</td>
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<tr>
<td>Provides additional funding for the NCWorks Apprenticeship Program to increase apprenticeship opportunities across the state. The revised net appropriation for this program in FY 2016-17 is $1.4 million.</td>
<td></td>
</tr>
</tbody>
</table>

| Total Legislative Changes | $1,113,229 |
| Total Position Changes   | $19,207,619 |
| Revised Budget           | $77,916,976 |

Commerce
# General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>Requirements</td>
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<td>Receipts</td>
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<td>Net Appropriation</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$650,000</td>
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<tr>
<td>Receipts</td>
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</tr>
<tr>
<td>Net Appropriation</td>
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<tr>
<td><strong>Revised Budget</strong></td>
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<td>Requirements</td>
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## General Fund FTE

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### Summary of General Fund Appropriations

Fiscal Year 2016-17
2016 Legislative Session

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<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1121</td>
<td>Biotechnology Center</td>
<td>13,955,472</td>
<td>-</td>
<td>13,955,472</td>
</tr>
<tr>
<td>1121</td>
<td>State Aid to Non-State Entities</td>
<td>4,455,472</td>
<td>4,455,472</td>
<td>5,900,000</td>
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<tr>
<td></td>
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<td>5,105,472</td>
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<td></td>
<td>$18,405,910</td>
<td>$18,405,910</td>
<td>$18,705,813</td>
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Total
Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Commerce - State Aid</th>
<th>Budget Code 14601</th>
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<tr>
<td>Fund Code</td>
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<tr>
<td>Fund Name</td>
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</tr>
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<td>Biotechnology Center</td>
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<tr>
<td>1913</td>
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<tr>
<td>State Aid to Non-State Entities</td>
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<td>Total FTE</td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

Commerce - State Aid

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
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<tbody>
<tr>
<td>FY 16-17</td>
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<tr>
<td>$18,065,010</td>
</tr>
</tbody>
</table>

**Legislative Changes**

<table>
<thead>
<tr>
<th>High Point Market Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>S4</td>
</tr>
<tr>
<td>Fund Code: 1013</td>
</tr>
<tr>
<td>$400,000 R</td>
</tr>
<tr>
<td>$200,000 NR</td>
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</tbody>
</table>

Provides an additional $400,000 in recurring funds and $200,000 in nonrecurring funds to the High Point Market Authority for marketing efforts, including expansion of the new application with Bluezoo technology. The revised net appropriation for the High Point Market Authority is $1.8 million.

<table>
<thead>
<tr>
<th>Phoenix Hometown Hires</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
</tr>
<tr>
<td>Fund Code: 1013</td>
</tr>
<tr>
<td>$50,000 NR</td>
</tr>
</tbody>
</table>

Provides funding for Phoenix Hometown Hires, a nonprofit that assists clients with skills related to personal and professional development. The revised net appropriation to Phoenix Hometown Hires is $50,000.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$400,000 R</td>
</tr>
<tr>
<td>$250,000 NR</td>
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<table>
<thead>
<tr>
<th>Total Position Changes</th>
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<tbody>
<tr>
<td>Revised Budget</td>
</tr>
<tr>
<td>$18,705,010</td>
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</table>
# General Fund Budget

**Department of Natural and Cultural Resources**  
**Budget Code 14800**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$196,635,052</td>
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<tr>
<td>Receipts</td>
<td>$27,345,649</td>
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<tr>
<td>Net Appropriation</td>
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<td><strong>Legislative Changes</strong></td>
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<tr>
<td>Requirements</td>
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<td>Receipts</td>
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<td>Net Appropriation</td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
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<td>Receipts</td>
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<td>Net Appropriation</td>
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## General Fund FTE

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</table>

888
### Summary of General Fund Total Requirement FTE
#### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Natural and Cultural Resources</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Total Requirements</th>
<th>Net Appropriation</th>
<th>Receipts</th>
<th>Total Requirements</th>
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<td>Western Office</td>
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<tr>
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<td>1450</td>
<td>Statewide Library Programs and Grants</td>
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<td>1495</td>
<td>State Library - Federal</td>
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<td>1500</td>
<td>Museum of History</td>
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<td>North Carolina Museum of Natural Sciences</td>
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<td>1800</td>
<td>North Carolina Zoological Park</td>
<td>263.25</td>
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<td>1855</td>
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<td>1991</td>
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<tr>
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<td>Continuation Reserve</td>
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<tr>
<td><strong>Total FTE</strong></td>
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<td><strong>1,713.01</strong></td>
<td><strong>8.10</strong></td>
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<td><strong>1,721.11</strong></td>
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</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

Natural and Cultural Resources

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$169,209,403</td>
<td></td>
</tr>
</tbody>
</table>

**Legislative Changes**

**Reserve for Salaries and Benefits**

**66 Compensation Increase Reserve**

| Fund Code | $1,080,848 | $360,263 |

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**67 State Retirement Contributions**

| Fund Code | $186,425 | $270,638 |

Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**Historical Resources**

**59 Archaeology Research Center**

| Fund Code | $169,269 |

Provides the State Archaeology Research Center with 3 permanent, full-time positions to assist in surveying statewide archaeological resources, reviewing permit applications and construction plans that receive State or federal assistance, and issuing permits to individuals and groups for operations and salvage of land and sea properties in North Carolina. The revised net appropriation for the Office of State Archaeology is $2.0 million.

Natural and Cultural Resources

Page H 48
<table>
<thead>
<tr>
<th><strong>Conference Report on the Base, Capital, and Expansion Budget</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>60 Queen Anne’s Revenge</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1260</td>
</tr>
<tr>
<td>Provides nonrecurring funds for archaeological work for the Queen Anne’s Revenge conservation and excavation project. The revised net appropriation for the project in FY 2016-17 is $300,000.</td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td><strong>$300,000</strong></td>
</tr>
<tr>
<td><strong>NR</strong></td>
</tr>
<tr>
<td><strong>Land and Water Stewardship</strong></td>
</tr>
<tr>
<td><strong>61 Natural Heritage Program</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1116</td>
</tr>
<tr>
<td>Restores funding and 4.10 positions for the Natural Heritage Program, which was reduced by $314,726 in S.L. 2015-241. The revised net appropriation for the Program is $764,726.</td>
</tr>
<tr>
<td><strong>$314,726</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>62 Clean Water Management Trust Fund (CWMTF)</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1115</td>
</tr>
<tr>
<td>Provides additional funding for CWMTF. The revised net appropriation for CWMTF is $22.4 million.</td>
</tr>
<tr>
<td><strong>$6,500,000</strong></td>
</tr>
<tr>
<td><strong>NR</strong></td>
</tr>
<tr>
<td><strong>Museum of Art</strong></td>
</tr>
<tr>
<td><strong>63 Museum of Art</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1320</td>
</tr>
<tr>
<td>Provides funding for 2 positions, a Media Services Coordinator and an Art Museum Assistant Curator, to support the museum’s distance learning initiative. This item also provides funding for 2 Horticultural Technicians for the Museum Park. Lastly, this item provides $120,000 in nonrecurring funds to match private funds for key collections in the East Building. The revised net appropriation for the Museum of Art is $6.5 million.</td>
</tr>
<tr>
<td><strong>$214,677</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
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<tr>
<td><strong>$120,000</strong></td>
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<tr>
<td><strong>NR</strong></td>
</tr>
<tr>
<td><strong>4.00</strong></td>
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<tr>
<td><strong>Museum of Natural Sciences</strong></td>
</tr>
<tr>
<td><strong>64 Vacant Position</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1760</td>
</tr>
<tr>
<td>Eliminates a Technology Support Analyst position (6203552-6) that has been vacant for more than 2 years at the North Carolina Museum of Natural Sciences. The revised net appropriation for the Museum is $14.3 million.</td>
</tr>
<tr>
<td><strong>($54,630)</strong></td>
</tr>
<tr>
<td><strong>R</strong></td>
</tr>
<tr>
<td><strong>-1.00</strong></td>
</tr>
<tr>
<td><strong>65 Science Museum Grant Program</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1760</td>
</tr>
<tr>
<td>Provides additional funds to the North Carolina Science Museums Grant Program on a nonrecurring basis to support the competitive grant program. The revised net appropriation for the grant program is $2.5 million.</td>
</tr>
<tr>
<td><strong>$100,000</strong></td>
</tr>
<tr>
<td><strong>NR</strong></td>
</tr>
</tbody>
</table>

**Natural and Cultural Resources**

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Conference Report on the Base, Capital, and Expansion Budget

**NC Zoo**

**66 Vacant Position**

- **Fund Code:** 1605
- **FY 16-17:** ($58,772) R

Eliminates a Plant Maintenance Supervisor I position (60033303) that has been vacant for more than 2 years at the North Carolina Zoo. The revised net appropriation for the Zoo is $10.5 million.

**North Carolina Arts Council**

**67 Grassroots Arts Program**

- **Fund Code:** 1330
- **FY 16-17:** $500,000 NR

Provides additional funding for the Grassroots Arts Program, which provides per capita based funding for arts programming to all 100 counties. The revised net appropriation for the Arts Council is $8.4 million.

**Office of the Secretary**

**68 Vacant Position**

- **Fund Code:** 1110
- **FY 16-17:** ($68,186) R

Eliminates an Administrative Assistant II position (60035964) anticipated to be vacant July 1, 2016 due to retirement. The revised net appropriation for the Office of the Secretary is $2.1 million.

**Parks and Recreation**

**69 Parks and Recreation Trust Fund (PARTF)**

- **Fund Code:** 1680
- **FY 16-17:** $330,000 NR

Provides additional funding to PARTF for the Montford Point Marine Memorial in Jacksonville, NC. The revised net appropriation to PARTF is $22.7 million in FY 2016-17.

**Reserves**

**70 Advance Planning Funds**

- **Fund Code:** 1992
- **FY 16-17:** $400,000 NR

Provides advance planning funds for a new visitor center at the Fort Fisher State Historic Site. The revised net appropriation for this project in FY 2016-17 is $400,000.

**71 Ingram Planetarium**

- **Fund Code:** 1992
- **FY 16-17:** $50,000 NR

Provides a grant-in-aid to the Ingram Planetarium located in Sunset Beach, NC to support the facility and its functions. The revised net appropriation for the Ingram Planetarium is $50,000.

Natural and Cultural Resources

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Conference Report on the Base, Capital, and Expansion Budget

72 Downtown Winston-Salem Museum  
Fund Code: 1992  
Provides a grant to Forsyth County to support the consolidation of the Children’s Museum of Winston-Salem and SciWorks into a facility to house both services. Total project costs are estimated to be $25.0 million with the State providing a matching grant of $1.0 million in FY 2016-17.

73 Grants-in-Aid  
Fund Code: 1992  
Provides a $50,000 grant-in-aid to each of the following entities: the Town of Fuquay-Varina for the Fuquay-Varina Arts Center and Dreamwe of Wilmington, Inc., a non-profit providing arts programming to youth in the Wilmington, NC area. The revised net appropriation for these entities is $100,000.

74 Fair Bluff Community Library  
Fund Code: 1992  
Provides a grant-in-aid to the Fair Bluff Community Library in Columbus County. The revised net appropriation to the Fair Bluff Community Library is $50,000.

State Historic Sites

75 Tryon Palace  
Fund Code: 1242  
Provides additional funding to Tryon Palace on a nonrecurring basis to support the facility and its functions. The revised net appropriation for Tryon Palace is $2.7 million.

76 Brunswick Town  
Fund Code: 1241  
Provides additional funds to Brunswick Town State historic site on a nonrecurring basis to support the facility and its functions. The revised net appropriation to State historic sites is $7.5 million.

77 Fort Dobbs State Historic Site  
Fund Code: 1241  
Provides additional funds to the Fort Dobbs State historic site on a nonrecurring basis to support the facility and its functions. The revised net appropriation to State historic sites is $7.5 million.

78 Transportation Museum  
Fund Code: 1241  
Provides additional funds to the Transportation Museum on a nonrecurring basis to support the facility and its functions. The revised net appropriation to the Transportation Museum is $475,514.

Natural and Cultural Resources
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>State History Museums</th>
<th>FY 16-17</th>
</tr>
</thead>
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<td><strong>78 Full-Time Positions</strong></td>
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<tr>
<td><strong>Fund Code</strong>: 1500</td>
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<tr>
<td>Provides funding to upgrade 5 positions at the Museum of History from 3/4-time to full-time.</td>
<td></td>
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<tr>
<td>60084000 Museum Curator</td>
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<tr>
<td>60084019 Museum Specialist</td>
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<tr>
<td>60085994 Associate Museum Curator</td>
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<tr>
<td>60085975 Artist Illustrator II</td>
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</tr>
<tr>
<td>60084050 Administrative Services Assistant V</td>
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</tr>
<tr>
<td>The revised net appropriation for the Museum of History is $5.9 million.</td>
<td></td>
</tr>
</tbody>
</table>

| 80 North Carolina Maritime Museum at Southport | $100,000 |
| **Fund Code**: 1245     | NR       |
| Provides additional funds to North Carolina Maritime Museum at Southport on a nonrecurring basis to support the facility and its functions. The revised net appropriation to the Maritime Museums is $1.0 million. |

<table>
<thead>
<tr>
<th>State Library</th>
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<tbody>
<tr>
<td><strong>81 Statewide Children's Digital Library</strong></td>
<td>$200,000</td>
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<tr>
<td><strong>Fund Code</strong>: 1410</td>
<td>NR</td>
</tr>
<tr>
<td>Establishes a statewide children's digital library targeted to children from pre-K through 4th grade. Funding for this project will be used to purchase children's fiction materials including e-audio and e-books that will be accessible to all State-aid eligible public libraries in NC. The revised net appropriation for the State Library is $20.3 million.</td>
<td></td>
</tr>
</tbody>
</table>

| Total Legislative Changes  | $1,779,768 |
| Total Position Changes     | $12,939,921 |
| Revised Budget             | $184,008,090 |

Natural and Cultural Resources

Page H 50
## North Carolina Zoo Fund

<table>
<thead>
<tr>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
</tr>
<tr>
<td>Requirements</td>
</tr>
<tr>
<td>Receipts</td>
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<tr>
<td>Positions</td>
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### Legislative Changes

**Requirements:**

<table>
<thead>
<tr>
<th>North Carolina Zoo Fund (2240)</th>
<th>$405,665</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishes a budget for repair and renovation projects at the North Carolina Zoo. The revised requirements for the Zoo Fund are $1.5 million.</td>
<td>$0</td>
<td>NR</td>
</tr>
<tr>
<td>0.00</td>
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</table>

**Subtotal Legislative Changes** | $405,665 | R |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>$0</td>
<td>NR</td>
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**Receipts:**

<table>
<thead>
<tr>
<th>North Carolina Zoo Fund (2240)</th>
<th>$1,500,000</th>
<th>R</th>
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<tbody>
<tr>
<td>Establishes a budget for the transfer of funds from the General Fund. The revised receipts for the Zoo Fund are $1.5 million.</td>
<td>$0</td>
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**Subtotal Legislative Changes** | $1,500,000 | R |
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<td>$0</td>
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Conference Report on the Base, Capital, and Expansion Budget

FY 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revised Total Requirements</td>
<td>$405,955</td>
</tr>
<tr>
<td>Revised Total Receipts</td>
<td>$1,500,000</td>
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<tr>
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<td>Total Positions</td>
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<tr>
<td>Unappropriated Balance Remaining</td>
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**North Carolina Aquariums Fund**

**FY 2016-17**

<table>
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<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Beginning Unreserved Fund Balance</td>
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</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$0</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Positions</td>
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</table>

**Legislative Changes**

**Requirements:**

```
North Carolina Aquarium Fund (2885) $2,800,000 R
Establishes a budget for repair and renovation projects at the State aquariums and Jennette’s Pier.
This item also establishes a budget for the aquariums’ debt service payment. The revised requirements for the Aquarium Fund are $2.8 million.
```

<table>
<thead>
<tr>
<th>Subtotal Legislative Changes</th>
<th>$2,800,000 R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0 NR</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
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</table>

**Receipts:**

```
North Carolina Aquarium Fund (2885) $2,800,000 R
Establishes a budget for the transfer of funds from the General Fund. The revised receipts for the Aquarium Fund are $2.8 million.
```

<table>
<thead>
<tr>
<th>Subtotal Legislative Changes</th>
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<tr>
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**Natural and Cultural Resources**

Page H 53
### Conference Report on the Base, Capital, and Expansion Budget

**FY 2015-17**

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# General Fund Budget

**FY 2016-17**

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<tr>
<th>Enacted Budget</th>
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<tbody>
<tr>
<td>Requirements</td>
<td>$823,384</td>
</tr>
<tr>
<td>Receipts</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$523,384</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$0</td>
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<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$0</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$823,384</td>
</tr>
<tr>
<td>Receipts</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$523,384</td>
</tr>
</tbody>
</table>

**General Fund FTE**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tr>
<td><strong>Enacted Budget</strong></td>
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<tr>
<td><strong>Revised Budget</strong></td>
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## Summary of General Fund Appropriations

### Fiscal Year 2016-17

#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Natural and Cultural Resources -</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td>Budget Code 14039</td>
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<tr>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Requirements</td>
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<tr>
<td>1404</td>
<td>Roanoke Island Commission</td>
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<tr>
<td><strong>Total</strong></td>
<td>$23,384</td>
<td>$300,000</td>
<td>$25,384</td>
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DNCR - Roanoke Island Commission
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

| Department of Natural and Cultural Resources - Roanoke Island Commission |
|---|---|---|---|
| **Budget Code 14802** | **Enacted** | **Legislative Changes** | **Revised** |
| **Fund Code** | **Fund Name** | **Total Requirements** | **Net Appropriation** | **Receipts** | **Total Requirements** |
| 1594 | Roanoke Island Commission | - | - | - | - |
| Total FTE | - | - | - | - | - |
Conference Report on the Base, Capital, and Expansion Budget

**DNCR - Roanoke Island Commission**

<table>
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<tr>
<th>GENERAL FUND</th>
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<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
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<tr>
<td><strong>FY 16-17</strong></td>
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**Legislative Changes**
- Roanoke island Festival Park
  - No legislative changes
  - Fund Code: N/A

**Total Legislative Changes**

**Total Position Changes**

<table>
<thead>
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<tr>
<td><strong>$623,384</strong></td>
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DNCR - Roanoke Island Commission
Justice and Public Safety
Section I
### General Fund Budget

**FY 2016-17**

<table>
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<th><strong>Legislative Changes</strong></th>
<th><strong>Revised Budget</strong></th>
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<tbody>
<tr>
<td>Requirements</td>
<td>$2,000,925,794</td>
<td>$61,149,731</td>
<td>$2,062,075,525</td>
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<tr>
<td>Receipts</td>
<td>$153,560,168</td>
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<td>$153,560,168</td>
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<td><strong>Net Appropriation</strong></td>
<td>$1,847,365,626</td>
<td>$61,149,731</td>
<td>$1,908,515,357</td>
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### General Fund FTE

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<td><strong>Legislative Changes</strong></td>
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<td><strong>Revised Budget</strong></td>
<td></td>
<td></td>
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<tr>
<td>Description of Public Safety</td>
<td>Annual Budget</td>
<td>Requested Change</td>
<td>Appropriation</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------</td>
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<tr>
<td>Total</td>
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</tr>
<tr>
<td>Capital Outlay</td>
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<td>Operating Benefits</td>
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<td>Public Safety</td>
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<td>Correction System</td>
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<tr>
<td>Total</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
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</table>
## Summary of General Fund Appropriations
### 2016 Legislative Session
### Department of Public Safety

<table>
<thead>
<tr>
<th>Budget Code</th>
<th>Fund Name</th>
<th>Estimated Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td>1405</td>
<td>LE - Law Enforcement Support Services</td>
<td>2,020</td>
<td>2,020</td>
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<td>1406</td>
<td>LE - SHIP Missing Persons Administration</td>
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<td>LE - SHIP Aviation Administration</td>
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<td>1411</td>
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<td>1412</td>
<td>LE - SHIP VIPER Administration</td>
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<td>13,204,517</td>
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<td>1416</td>
<td>State Bureau of Investigation</td>
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<td>1006</td>
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<td>1043</td>
<td>BI - General (G7M)</td>
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<td>BI - Recovery</td>
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<td>BI - CAP</td>
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<td>BI - Hazard Mitigation - Disaster Recovery</td>
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<td>National Guard - Air National Guard</td>
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<td>1083</td>
<td>National Guard - Army National Guard</td>
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<table>
<thead>
<tr>
<th>Department-wide Items</th>
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<tbody>
<tr>
<td>Compensation Reserve</td>
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<tr>
<td>State Highway Patrol Step Increase</td>
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<tr>
<td>Correctional Officer Cost-of-Living Based Pay Adjustment</td>
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<td>State Retirement Contributions</td>
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</table>

**Total**

<table>
<thead>
<tr>
<th>Item</th>
<th>Estimated Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td>$2,800,025,794</td>
<td>$153,000,186</td>
<td>$1,847,365,025</td>
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Public Safety Page: 1/3
Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

Department of Public Safety
Budget Code 14660

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
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<th>Legislative Changes</th>
<th>Revised</th>
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<td>1318</td>
<td>Prison Gang Unit Management</td>
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<td>1320</td>
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Public Safety
Page 14
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Public Safety

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<td>FY 16-17</td>
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<td><strong>A. Reserve for Salaries and Benefits</strong></td>
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<tr>
<td>1 Compensation Increase Reserve</td>
<td>Fund Code: N/A</td>
<td>$18,212,015 R</td>
<td>$5,933,715 NR</td>
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<tr>
<td>Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. In addition, funds are provided for salary increases for State agency teachers who are paid in accordance with the Statewide teacher salary schedule. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.</td>
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<td></td>
<td></td>
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<tr>
<td>2 State Highway Patrol Trooper Step Increase</td>
<td>Fund Code: N/A</td>
<td>$1,840,597 R</td>
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<tr>
<td>Provides funds for an experience-based step increase for eligible State Highway Patrol Troopers pursuant to G.S. 20-187.3.</td>
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<td></td>
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<tr>
<td>3 SBI/ALE Compensation Reserve</td>
<td>Fund Code:</td>
<td>$500,000 R</td>
<td></td>
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<tr>
<td>Provides salary increases for State Bureau of Investigation (SBI) and Alcohol Law Enforcement (ALE) agents. The Director of the SBI is given the authority to allocate these funds as needed within the SBI.</td>
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<td></td>
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<tr>
<td>4 Correctional Officer Custody-Level Based Pay Adjustment</td>
<td>Fund Code: N/A</td>
<td>$16,919,481 R</td>
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</tr>
<tr>
<td>Provides funds to continue implementation of custody-level pay for Correctional Officers, Custody Supervisors, and Prison Facility Administrators started in FY 2015-16.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

5 State Retirement Contributions

Fund Code: NA

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $70.0 million for FY 2016-17.

B. Administration

6 Budget Realignment for Medical Claims Processing

Fund Code: 1100, 1331, 1347

Realign the administrative budget for the Department to transition to contracted medical claims processing services. The director of medical claims position (6005641, $97,075) is eliminated October 1, 2016. Two processing assistant V positions (60056404, $48,828, and 60056433, $43,952) are eliminated April 1, 2017. Another processing assistant V position (60056449, $48,828) is eliminated June 1, 2017. In addition, the following vacant positions are eliminated:

<table>
<thead>
<tr>
<th>Fund Position</th>
<th>Title</th>
<th>Total Position Cost</th>
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</thead>
<tbody>
<tr>
<td>1100 6008460</td>
<td>Information Tech Mgr</td>
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<td>1100</td>
<td>Administrative Officer II</td>
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<tr>
<td>1100</td>
<td>Nurse Supervisor</td>
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<tr>
<td>1100</td>
<td>Personnel Assistant IV</td>
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<td>1100 6008978</td>
<td>Desktop Support Analyst</td>
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<td>1100</td>
<td>Tech. Support Tech</td>
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<tr>
<td>1100</td>
<td>IT Manager: Networking</td>
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<tr>
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<td>Personnel Analyst I</td>
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<td>Corr. Training Instr. II</td>
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<td>1100</td>
<td>Personnel Technician I</td>
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<td>1100</td>
<td>Tech. Support Analyst</td>
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</tr>
<tr>
<td>1100</td>
<td>Accounting Technician</td>
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<tr>
<td>1347 6008543</td>
<td>Accounting Technician</td>
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</table>

Salary reserve in fund code 1100 - Administration is reduced by $103,847.

Finally, account 531311 - Temporary Wages in fund code 1331 - Prison General Health is reduced by $189,764. The annualized savings in net appropriation from these reductions will be $1.5 million in FY 2017-18.

7 Medical Claims Processing

Fund Code: 1100

Provides funds for outsourcing medical claims processing. Billing for inmate medical services performed by outside medical providers will be electronic beginning October 1, 2016. The annualized cost for this contract in FY 2017-18 is estimated to be $1.5 million. The revised net appropriation for this program in FY 2016-17 is $1,398,069.

Public Safety
Conference Report on the Base, Capital, and Expansion Budget

8 Veterans Life Center

Fund Code: 1100
Provides a nonrecurring pass-through appropriation to the Veterans Leadership Council of North Carolina - CARBS (VLONC), a 501(c)(3) non-profit organization, for the Veterans Life Center.

C. Law Enforcement

9 SBI Legislative Liaison

Fund Code: 1450
Provides funding for a legislative liaison position in the State Bureau of Investigation (SBI). The revised net appropriation for the SBI in FY 2016-17 is $49,014,035.

10 SBI Plane

Fund Code: 1450
Provides funds for the purchase of a new plane for the SBI Airwing. The total estimated cost of the plane is $8.7 million. The SBI may use funds available for the balance of the purchase. The revised net appropriation for the SBI in FY 2016-17 is $46,014,035.

11 Operation Medicine Drop

Fund Code: 1460
Provides funds for the SBI for Operation Medicine Drop, a program that conducts events for citizens to bring unused or expired medications to a central location for safe disposal. The revised net appropriation for the SBI in FY 2016-17 is $49,014,035.

D. Emergency Management and National Guard

12 School Risk Management Plans

Fund Code: 1504
Provides funds for the construction and development of first-generation School Risk Management Plans for public schools in accordance with G.S. 115C-103.49. The revised net appropriation for Emergency Management - Geospatial (GTM) is $507,784.

13 Tarheel Challenge Academy Buses

Fund Code: 1603
Provides funds for new buses for the Tarheel Challenge Academy in Raeford. The revised net appropriation in FY 2016-17 for National Guard Youth Programs is $2,611,180.

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Conference Report on the Base, Capital, and Expansion Budget

14 Tarheel Challenge Academy Gym
    Fund Code: 1653
    Provides funds for renovation of the gym at the Tarheel Challenge Academy in
    Salisbury. The revised net appropriation in FY 2016-17 for National Guard
    Youth Programs is $2,611,180.

E. Adult Correction and Juvenile Justice - Prisons
15 Inmate Litter Collection and Road Cleanup
    Fund Code: 1314
    Makes receipts budgeted in FY 2016-17 from the Highway Fund for inmate road
    squads and litter crews nonrecurring. Total requirements for this program in FY
    2016-17 are $9,040,000. The revised net appropriation is $0.

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Public Safety
### General Fund Budget

**FY 2016-17**

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<td><strong>Enacted Budget</strong></td>
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### General Fund FTE

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## Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
2016 Legislative Session

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<th>Department of Justice</th>
<th>2016-17 Estimated Budget</th>
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<th>2016-17 Revised Budget</th>
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<td>State Retirement Contributions</td>
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Justice
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

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<td><strong>3.00</strong></td>
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Conference Report on the Base, Capital, and Expansion Budget

Justice

<table>
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<td><strong>FY 16-17</strong></td>
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### Legislative Changes

#### A. Reserve for Salaries and Benefits

**16 Compensation Increase Reserve**

- **Fund Code:** N/A
- **FY 16-17:** $653,090 R
- **FY 16-17:** $217,983 NR

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.

**17 State Retirement Contributions**

- **Fund Code:** N/A
- **FY 16-17:** $112,924 R
- **FY 16-17:** $169,386 NR

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

#### B. State Crime Laboratory

**18 Western Crime Lab Funds**

- **Fund Code:** 1400
- **FY 16-17:** $301,276 R
- **FY 16-17:** $1,087,803 NR

Provides funds to equip and operate the new Western Crime Lab in Edneyville. Construction of the new 36,000 square foot facility is expected to be completed in February 2017. Funds are provided for an HVAC Technician, effective September 1, 2016 ($52,967), scientific supplies ($120,000), and increased maintenance and utility costs ($129,409). The annualized amount will be $494,361 beginning July 1, 2017. An additional $1.1 million is provided to purchase new equipment for the lab. The revised net appropriation for the State Crime Laboratory is $21,047,690 in FY 2016-17, a 19.2% increase over the certified budget.

Justice
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>19 Crime Lab Equipment</th>
<th>Fund Code: 1400</th>
<th>FY 16-17</th>
<th>$640,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides additional funds for equipment needs at State Crime Laboratory facilities in Raleigh and Greensboro. The revised net appropriation for the State Crime Laboratory is $21,947,690 in FY 2016-17, a 19.2% increase over the certified budget.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>20 Outsourcing Funds for Forensic Analysis</th>
<th>Fund Code: 1400</th>
<th>FY 16-17</th>
<th>$2,197,114</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides additional funds for outsourcing forensic analysis services, including toxicology and DNA. The revised net appropriation for the State Crime Laboratory is $21,947,690 in FY 2016-17, a 19.2% increase over the certified budget.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### C. Criminal Justice Training and Standards

<table>
<thead>
<tr>
<th>21 Instructor Positions</th>
<th>Fund Code: 1500</th>
<th>FY 16-17</th>
<th>$160,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds for a narcotics investigation instructor and a crime scene instructor at the NC Justice Academy in Salemburg. The revised net appropriation for Criminal Justice Training and Standards is $8,704,392.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th></th>
<th></th>
<th>$1,228,160</th>
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</tr>
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<tbody>
<tr>
<td>Total Position Changes</td>
<td></td>
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<td>$4,312,296</td>
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<td></td>
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<td>$86,286,026</td>
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</table>

Justice
## Office of Indigent Defense Services
### Budget Code 12001

### General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$126,974,092</td>
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<tr>
<td>Receipts</td>
<td>$10,344,128</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$116,629,964</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$6,541,345</td>
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<tr>
<td>Receipts</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$6,541,345</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$133,515,437</td>
</tr>
<tr>
<td>Receipts</td>
<td>$10,344,128</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$123,171,309</td>
</tr>
</tbody>
</table>

### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>519.35</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>519.35</td>
</tr>
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</table>
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

### Office of Indigent Defense Services

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Budget Code 1201</th>
<th>2016 Estimated Budget</th>
<th>Legislative Changes</th>
<th>2016 Revised Budget</th>
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<tbody>
<tr>
<td>1310</td>
<td>Indigent Persons' Attorney</td>
<td>76,192,304</td>
<td>60,123,136</td>
<td>-</td>
<td>68,027,380</td>
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<tr>
<td>1320</td>
<td>Public Defender Service</td>
<td>45,672,379</td>
<td>-</td>
<td>-</td>
<td>45,672,379</td>
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<tr>
<td>1330</td>
<td>Indigent Defense Service</td>
<td>3,347,758</td>
<td>163,333</td>
<td>-</td>
<td>2,144,348</td>
</tr>
</tbody>
</table>

### Department-wide Items

- Compensation Reserve: 1,997,627
- State Retirement Contributions: 230,833
- Consolidated Judicial Retirement Contrib.: 94,104

**Total:** ($26,074,090) ($16,314,138) ($16,828,964) ($5,541,345) ($3,541,345) ($193,545,437) ($10,361,128) ($23,171,338)
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Office of Indigent Defense Services</th>
<th>Budget Code 12001</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Total Requirements</td>
<td>Net Appropriation</td>
<td>Receipts</td>
</tr>
<tr>
<td>1310</td>
<td>Indigent Persons Attorney</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1320</td>
<td>Public Defender Service</td>
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<tr>
<td>1380</td>
<td>Indigent Defense Service</td>
<td>19.60</td>
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<td>Total FTE</td>
<td></td>
<td>$19.35</td>
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</tbody>
</table>


### Judicial - Indigent Defense

#### Legislative Changes

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Reserve for Salaries and Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>22 Compensation Increase Reserve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Code:</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,052,848 R</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$227,920 NR</td>
<td></td>
</tr>
<tr>
<td>Provides funds for a 4.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time Judicial Branch employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|**23 Compensation Bonus Reserve - Judicial Branch/ Indigent Defense Services** |   |   |
| Fund Code: | N/A |   |
|   | $465,840 NR |   |
| Provides funding for one-time merit-based bonuses for State employees. The Commission on Indigent Defense Services shall develop policies for the allocation of merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments. |   |   |
| For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million. |   |   |

|**24 State Retirement Contributions** |   |   |
| Fund Code: | N/A |   |
|   | $100,253 R |   |
|   | $150,380 NR |   |
| Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees. |   |   |
| For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17. |   |   |
# Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
<th>25 Consolidated Judicial Retirement Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fund Code: N/A</td>
</tr>
<tr>
<td></td>
<td>Increases the State’s contribution for members of the Consolidated Judicial Retirement System (CJRS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees. The revised net appropriation for members of CJRS is approximately $24.5 million.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 16-17</th>
<th>26 Additional Private Assigned Counsel Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fund Code: 1310</td>
</tr>
<tr>
<td></td>
<td>Provides nonrecurring funds to pay private counsel assigned to represent indigent defendants, reducing a budget shortfall that has accumulated over several years. This budget shortfall creates a hardship for small business legal firms whose payments are delayed when State funding is exhausted before the end of the fiscal year. The revised net appropriation for Private Assigned Counsel funds in FY 2016-17 is $65,537,269.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Legislative Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Position Changes</td>
</tr>
<tr>
<td></td>
<td>Revised Budget</td>
</tr>
<tr>
<td></td>
<td>$2,184,042 R</td>
</tr>
<tr>
<td></td>
<td>$4,366,603 NR</td>
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<tr>
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<td>$123,171,309</td>
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</table>

Judicial - Indigent Defense
## General Fund Budget

### FY 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$485,407,793</td>
</tr>
<tr>
<td>Receipts</td>
<td>$1,281,472</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$484,126,321</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$27,643,723</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$27,643,723</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$513,051,516</td>
</tr>
<tr>
<td>Receipts</td>
<td>$1,281,472</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$511,770,044</td>
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</table>

## General Fund FTE

<table>
<thead>
<tr>
<th>Description</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>5.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>5,799.31</td>
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## Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Panel</th>
<th>Requested Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appropriations</td>
<td>Receipts</td>
<td>Appropriations</td>
</tr>
<tr>
<td>1000 Administration and Services</td>
<td>58,772,950</td>
<td>201,961</td>
<td>35,500,501</td>
</tr>
<tr>
<td>1300 Trial Court Division</td>
<td>298,126,162</td>
<td>-</td>
<td>298,126,162</td>
</tr>
<tr>
<td>1800 Office of Civil Attorney</td>
<td>95,955,685</td>
<td>-</td>
<td>95,955,685</td>
</tr>
<tr>
<td>1700 Unemployment Compensation</td>
<td>2,323,293</td>
<td>299,438</td>
<td>2,007,455</td>
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<tr>
<td><strong>Departmental Totals</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Regional Cost Increase</td>
<td>1,206,361</td>
<td>1,206,361</td>
<td>1,206,361</td>
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<tr>
<td>State Retirement Contributions</td>
<td>1,065,489</td>
<td>1,065,489</td>
<td>1,065,489</td>
</tr>
<tr>
<td>Consolidated Judicial Retirement contributions</td>
<td>1,215,904</td>
<td>1,215,904</td>
<td>1,215,904</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$483,047,700</td>
<td>$1,211,672</td>
<td>$484,259,372</td>
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Judicial
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Administrative Office of the Courts</th>
<th>Budget Code 12000</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<tbody>
<tr>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Total Requirements</td>
<td>Net Appropriation</td>
<td>Receipts</td>
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<td>1100</td>
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<tr>
<td>1200</td>
<td>Appellate Division</td>
<td>128.00</td>
<td>-</td>
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<tr>
<td>1300</td>
<td>Trial Court Division</td>
<td>3,980.34</td>
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<tr>
<td>1410</td>
<td>Specialty Services and Programs</td>
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<td>1600</td>
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<tr>
<td>1700</td>
<td>Independent Commissions</td>
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<td><strong>Total FTE</strong></td>
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<td><strong>5,794.31</strong></td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

Judicial

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
<th>$484,128,321</th>
</tr>
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**Legislative Changes**

### A. Reserve for Salaries and Benefits

<table>
<thead>
<tr>
<th>27 Compensation Increase Reserve</th>
<th>Fund Code: N/A</th>
<th>$12,524,758</th>
<th>$1,972,876</th>
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</thead>
</table>

Provides funds for a 4.5% annual recurring salary increase and a 0.5% nonrecurring bonus for non-step eligible permanent full-time Judicial Branch employees. Step-eligible employees receive a step increase plus a 1.5% salary increase. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million for FY 2016-17.

### 28 Compensation Bonus Reserve - Judicial Branch/AOC

<table>
<thead>
<tr>
<th>Fund Code: N/A</th>
<th>$3,045,750</th>
</tr>
</thead>
</table>

Provides funding for one-time merit-based bonuses for State employees. The Administrative Officer of the Courts (AOC) shall develop policies for the allocation of merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $300 million.

### 29 Assistant and Deputy Clerk Step Increase

<table>
<thead>
<tr>
<th>Fund Code: N/A</th>
<th>$3,713,393</th>
</tr>
</thead>
</table>

Provides funds for an experience-based step increase for eligible Assistant and Deputy Clerks of Superior Court pursuant to G.S. 7A-102.

### 30 Magistrate Step Increase

<table>
<thead>
<tr>
<th>Fund Code: N/A</th>
<th>$1,205,791</th>
</tr>
</thead>
</table>

Provides funds for an experience-based step increase for eligible Magistrates pursuant to G.S. 7A-171.11.
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>State Retirement Contributions</td>
<td>$782,187</td>
</tr>
<tr>
<td></td>
<td>Fund Code: 1</td>
<td>$1,173,281</td>
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Increases the state's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $782.0 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>Consolidated Judicial Retirement Contributions</td>
<td>$892,259</td>
</tr>
<tr>
<td></td>
<td>Fund Code: 1</td>
<td>$628,837</td>
</tr>
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</table>

Increases the state's contribution for members of the Consolidated Judicial Retirement System (CJRS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees. The revised net appropriation for members of CJRS is approximately $24.5 million.

B. Administration

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>Mental Health Records Database</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

Provides funds to digitize mental health records to facilitate clerks' compliance with the requirements of S.L. 2015-195, Amend Firearm Laws. The revised net appropriation for AOC Administration is $50,341,597.

C. Trial Court Division

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>District Court Judges</td>
<td>$209,320</td>
</tr>
<tr>
<td></td>
<td>Fund Code: 1</td>
<td>$266,745</td>
</tr>
</tbody>
</table>

Provides funds to create new district court judge positions in District 19A (Cashiers) and District 27B (Cleveland and Lincoln) effective December 1, 2016. Annualized position and operating costs for these positions will be $396,834. The revised net appropriation for the Trial Court Division in FY 2016-17 is $296,745,462.

D. District Attorneys

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>Assistant District Attorney Positions</td>
<td>$345,601</td>
</tr>
<tr>
<td></td>
<td>Fund Code: 1</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

Restores assistant district attorney positions in District 9A (Caswell and Person), District 19B (Orange and Chatham), and District 20B (Union). These positions were eliminated as part of AOC's voluntary reduction in force program in FY 2011-12. The revised net appropriation for district attorney offices in FY 2016-17 is $396,776,300.

Judicial
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
</tr>
<tr>
<td>Total Position Changes</td>
</tr>
<tr>
<td>Revised Budget</td>
</tr>
</tbody>
</table>

Judicial
General Government
Section J
## Department of Military and Veterans Affairs
### Budget Code 13050

#### General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$7,806,254</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$7,806,254</td>
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<tr>
<td></td>
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<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$213,347</td>
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<td>Receipts</td>
<td>$0</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$213,347</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$8,019,601</td>
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<tr>
<td>Receipts</td>
<td>$0</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$8,019,601</td>
</tr>
</tbody>
</table>

#### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>77.90</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
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<td>79.90</td>
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</table>

(1.0) Department of Military and Veterans Affairs
### Summary of General Fund Appropriations
#### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund</th>
<th>Revised Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Requirements</td>
<td>Receipts</td>
<td>Net</td>
</tr>
<tr>
<td>1100 Administration</td>
<td>7,806,254</td>
<td>-</td>
<td>7,806,254</td>
</tr>
<tr>
<td>Department of Air Forces</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FBA Compensation Increases</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FB3 Retirement Contribution</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total</td>
<td>7,806,254</td>
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(1.0) Department of Military and Veterans Affairs
Summary of General Fund Total Requirement FTE  
Fiscal Year 2016-17  
2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Total Requirements</th>
<th>Net Appropriation</th>
<th>Receipts</th>
<th>Total Requirements</th>
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</thead>
<tbody>
<tr>
<td>1100</td>
<td>Administration</td>
<td>77.60</td>
<td>2.00</td>
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<td>Total FTE</td>
<td></td>
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<td>2.00</td>
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<td>79.90</td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

(1.0) Department of Military and Veterans Affairs

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th>GENERAL FUND</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
<td>$7,008,254</td>
</tr>
<tr>
<td><strong>FY 16-17</strong></td>
<td></td>
</tr>
</tbody>
</table>

Reserve for Salaries and Benefits

1. Compensation Increase Reserve  
   Fund Code: N/A                  
   $58,466 R                     
   $19,495 NR  
   Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

   For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

2. State Retirement Contributions  
   Fund Code: N/A                  
   $10,148 R                     
   $15,220 NR  
   Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1% one-time cost-of-living supplement to retirees.

   For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

Veterans Cemeteries

3. Additional Staff  
   Fund Code: 1100               
   $100,000 R                     
   2.00  
   Provides funding to create 2 additional FTEs to support the North Carolina Veterans Cemeteries. These positions will work in the areas of maintenance and grounds keeping to help meet the growing burial demands at the Jacksonville and Spring Lake area cemeteries. The revised net appropriation for this fund after all changes in this act is $8.0 million.

Veterans Home Program

4. Rename Black Mountain Veterans Home  
   Fund Code: 1100               
   $10,000 R  
   Provides funds to effectuate the name change from the Black Mountain Veterans Home to Zebulon Doyle Alley State Veterans Home. The revised net appropriation for this fund after all changes in this act is $8.0 million.

(1.0) Department of Military and Veterans Affairs
<table>
<thead>
<tr>
<th><strong>Conference Report on the Base, Capital, and Expansion Budget</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td><strong>Total Legislative Changes</strong></td>
</tr>
<tr>
<td>$168,622 R</td>
</tr>
<tr>
<td>$44,715 NR</td>
</tr>
<tr>
<td><strong>Total Position Changes</strong></td>
</tr>
<tr>
<td>2.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
</tr>
<tr>
<td>$8,019,601</td>
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*(1.0) Department of Military and Veterans Affairs*
### General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Enacted Budget</th>
<th>Requirements</th>
<th>$6,925,905</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Receipts</td>
<td>$1,782,492</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td></td>
<td><strong>$5,143,413</strong></td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>Requirements</td>
<td>$103,296</td>
</tr>
<tr>
<td></td>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td></td>
<td><strong>$103,296</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Budget</th>
<th>Requirements</th>
<th>$7,029,201</th>
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<tbody>
<tr>
<td></td>
<td>Receipts</td>
<td>$1,782,492</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td></td>
<td><strong>$5,246,709</strong></td>
</tr>
</tbody>
</table>

### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>45.00</td>
</tr>
<tr>
<td>Fund Code</td>
<td>Fund Name</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>1100</td>
<td>Administration and Operations</td>
</tr>
<tr>
<td></td>
<td>Department-wide Items</td>
</tr>
<tr>
<td>1101</td>
<td>Compensation Increase Reserve</td>
</tr>
<tr>
<td>1102</td>
<td>State Retirement Contributions</td>
</tr>
<tr>
<td>Total</td>
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Summary of General Fund Appropriations
Fiscal Year 2016-17
2016 Legislative Session
### Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

<table>
<thead>
<tr>
<th>Office of Administrative Hearings</th>
<th>Budget Code 18210</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code</td>
<td>Fund Name</td>
<td>Total Requirements</td>
<td>Net Appropriation</td>
<td>Receipts</td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td>---------------------</td>
<td>-------------------</td>
<td>----------</td>
</tr>
<tr>
<td>1100</td>
<td>Administration and Operations</td>
<td>45.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total FTE</td>
<td></td>
<td>45.00</td>
<td>-</td>
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## (2.0) Office of Administrative Hearings

### Total Budget Enacted 2015 Session

<table>
<thead>
<tr>
<th>General Fund</th>
<th>FY 16-17</th>
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<td>$5,143,410</td>
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### Legislative Changes

#### Reserve for Salaries and Benefits

<table>
<thead>
<tr>
<th>Compensation Increase Reserve</th>
<th>Fund Code: N/A</th>
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</thead>
<tbody>
<tr>
<td>$56,467 R</td>
<td>$10,466 NR</td>
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</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

#### State Retirement Contributions

<table>
<thead>
<tr>
<th>State Retirement Contributions</th>
<th>Fund Code: N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,141 R</td>
<td>$15,212 NR</td>
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</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

### Total Legislative Changes

<table>
<thead>
<tr>
<th>Rev $65,686 R</th>
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</thead>
</table>

### Total Position Changes

<table>
<thead>
<tr>
<th>Rev $34,880 NR</th>
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</table>

### Revised Budget

<table>
<thead>
<tr>
<th>Rev $5,246,709</th>
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</table>
## General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Enacted Budget</th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
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<td>Receipts</td>
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<table>
<thead>
<tr>
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<tr>
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<td>Receipts</td>
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<table>
<thead>
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<tbody>
<tr>
<td>Requirements</td>
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<tr>
<td>Receipts</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$10,667,392</strong></td>
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## General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>373.75</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
<td>1.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>374.75</td>
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</table>
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Department of State Treasurer</th>
<th>Required Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Code 1440</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code</td>
<td>Fund Name</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>1110</td>
<td>General Administration</td>
<td>1,934,465</td>
<td>1,554,455</td>
</tr>
<tr>
<td>1120</td>
<td>District Fund - Administration</td>
<td>3,515,210</td>
<td>2,945,210</td>
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<tr>
<td>1150</td>
<td>Information Services</td>
<td>6,416,808</td>
<td>4,716,808</td>
</tr>
<tr>
<td>1210</td>
<td>Investment Management</td>
<td>5,091,843</td>
<td>2,901,843</td>
</tr>
<tr>
<td>1310</td>
<td>Local Government - Operations</td>
<td>5,091,843</td>
<td>4,591,843</td>
</tr>
<tr>
<td>1410</td>
<td>Retirement Operations</td>
<td>2,996,035</td>
<td>1,796,035</td>
</tr>
<tr>
<td>1450</td>
<td>Achieving a Better Life Expectation</td>
<td>6,219,792</td>
<td>4,158,792</td>
</tr>
<tr>
<td>1510</td>
<td>General Overtime Reserve</td>
<td>5,708</td>
<td>5,708</td>
</tr>
<tr>
<td>Department-wide Totals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IIA</td>
<td>Unemployment Insurance Reserve</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IIA</td>
<td>State Health Plan Contributions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Department-wide Totals | | | | | | | | | | | | | |
| IIA | Unemployment Insurance Reserve | - | - | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| IIA | State Health Plan Contributions | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | | | | | | | | | | | |

**Total** | $31,008,807 | $21,351,120 | $19,746,286 | $13,390,900 | $96,373 | $85,617 | $93,205,387 | $61,346,890 | $10,587,283
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>General Administration</td>
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<td>-</td>
<td>21.00</td>
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<tr>
<td>1130</td>
<td>Escheat Fund - Administration</td>
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<td>-</td>
<td>29.70</td>
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<tr>
<td>1150</td>
<td>Information Services</td>
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<td>-</td>
<td>48.00</td>
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<tr>
<td>1210</td>
<td>Investment Management</td>
<td>37.90</td>
<td>-</td>
<td>37.90</td>
</tr>
<tr>
<td>1310</td>
<td>Local Government - Operations</td>
<td>37.00</td>
<td>-</td>
<td>38.00</td>
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<tr>
<td>1410</td>
<td>Retirement Operations</td>
<td>162.25</td>
<td>-</td>
<td>162.25</td>
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<tr>
<td>1450</td>
<td>Achieving a Better Life Experience</td>
<td>4.00</td>
<td>-</td>
<td>4.00</td>
</tr>
<tr>
<td>1510</td>
<td>Financial Operations Division</td>
<td>33.70</td>
<td>-</td>
<td>33.70</td>
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<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td><strong>373.75</strong></td>
<td>-</td>
<td><strong>374.75</strong></td>
</tr>
</tbody>
</table>
### (3.0) Treasurer

#### General Fund

**Total Budget Enacted 2015 Session**

<table>
<thead>
<tr>
<th>FY 16-17</th>
<th>$10,340,384</th>
</tr>
</thead>
</table>

#### Legislative Changes

**Reserve for Salaries and Benefits**

<table>
<thead>
<tr>
<th>7 Compensation Increase Reserve</th>
<th>$18,037</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code; N/A</td>
<td>$6,012</td>
<td>NR</td>
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</table>

Provides funds for a 1.5% annual recuring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>8 State Retirement Contributions</th>
<th>$3,129</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code; N/A</td>
<td>$4,694</td>
<td>NR</td>
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</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

#### Financial Operations Division

<table>
<thead>
<tr>
<th>9 Core Banking System</th>
<th>$450,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1510</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Provides funds to the Financial Operations Division for an existing contract for maintenance and related IT costs of the State’s Core Banking system. The revised net appropriation for all changes in this section for this fund is $3.9 million.

<table>
<thead>
<tr>
<th>10 Operating Costs</th>
<th>$36,000</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1510</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Increases receipts by $912,000 to the Financial Operations Division for operation of the new office facility for Department of State Treasurer. The operations budget includes water, utilities, janitorial services and security for the building. The receipts will be cost-allocated from divisions within the Department of State Treasurer that support operations. This action also increases the net appropriations for those functions not supported by receipts by $36,000. The revised net appropriation for all changes in this section for this fund is $3.9 million.
### Conference Report on the Base, Capital, and Expansion Budget

#### Local Government Commission

**11 Correction of Receipt-Budgeted Positions**  
**Fund Code:** 1310  
Corracts the source of funds available to the Local Government Commission (LGC) for 2 positions appropriated in SL 2015-201 and reduces the net appropriations. Those positions became receipt-supported through SL 2015-208 and were to be paid for by receipts received by the LGC (local sales tax revenues). The revised net appropriation for this fund is $0.

**12 Local Government Assistance**  
**Fund Code:** 1310  
Increases receipts by $396,432 to Local Government Operations to fund 1 FTE position to consult with local governments on fiscal management, accounting, reporting, and other internal control issues. The revised net appropriation for the Local Government Commission is $0.

### Total Legislative Changes  
($141,888)  
$460,706  
NR

### Total Position Changes

### Revised Budget  
$10,867,392

(3.0) Treasurer
Fire Rescue National Guard Pensions
Budget Code 13412

<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
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<tr>
<td>Receipts</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$5,197,982</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$5,197,982</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$26,889,281</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$26,889,281</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Fund FTE</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
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</tbody>
</table>

(4.0) Fire Rescue Nat Guard Pensions and LLD Benefits
### Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Proposed Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Requirements</td>
<td>Receipts</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>1411</td>
<td>General Fund Contribution to National Guard</td>
<td>7,500,000</td>
<td>7,000,000</td>
<td>1,500,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>1414</td>
<td>General Fund Contribution to Fire &amp; Rescue Squad</td>
<td>12,000,000</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12,000,000</td>
<td>1,000,000</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>1425</td>
<td>Line of Duty Death Benefits</td>
<td>725,000</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
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<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$21,491,000</td>
<td>$5</td>
<td>$5,151,000</td>
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</table>

(4.0) Fire Rescue Nat Guard Pensions LDD Benefits
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1414</td>
<td>General Fund Contribution to National Guard</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1415</td>
<td>General Fund Contribution to Fire and Rescue Squad</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1432</td>
<td>Line of Duty Death Benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total FTE</td>
<td></td>
<td>-</td>
<td>-</td>
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</table>
### (4.0) Fire Rescue Nat Guard Pensions & LDD Benefits

**Total Budget Enacted 2015 Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Description</th>
<th>Amount</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>13 14414</td>
<td>National Guard Pension Fund</td>
<td>$1,450,774</td>
<td>R</td>
<td></td>
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<tr>
<td>14 1415</td>
<td>Firefighters' and Rescue Squad Workers' Pension Fund</td>
<td>$3,702,208</td>
<td>R</td>
<td></td>
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<tr>
<td>15 1432</td>
<td>Line of Duty Death Benefits Eligibility Expansion</td>
<td>$45,000</td>
<td>R</td>
<td></td>
</tr>
</tbody>
</table>

### Legislative Changes

**Reserve for Salaries and Benefits**

13. National Guard Pension Fund

**Fund Code:** 1414

- Increases the State’s contribution to the National Guard Pension Fund (NGPF) to match the actuarially determined contribution. The revised net appropriation to the NGPF is $38.5 million.

14. Firefighters’ and Rescue Squad Workers’ Pension Fund

**Fund Code:** 1415

- Increases the State’s contribution to the Firefighters’ and Rescue Squad Workers’ Pension Fund (FRSWPF) to match the actuarially determined contribution. The revised net appropriation to the FRSWPF is $17.6 million.

**Line of Duty Death Benefits**

15. Line of Duty Death Benefits Eligibility Expansion

**Fund Code:** 1432

- Expands list of cancers that are presumed to be line-of-duty deaths for firefighters. The revised net appropriation for this fund is $30.8 million.

### Total Legislative Changes

- $5,197,962

### Total Position Changes

**Revised Budget**

- $28,889,281
### Department of Insurance
#### Budget Code 13900

<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$49,550,287</td>
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<tr>
<td>Receipts</td>
<td>$11,195,041</td>
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<tr>
<td>Net Appropriation</td>
<td>$38,355,246</td>
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</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
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<tr>
<td>Requirements</td>
<td>$3,252,158</td>
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<tr>
<td>Receipts</td>
<td>$158,000</td>
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<tr>
<td>Net Appropriation</td>
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<table>
<thead>
<tr>
<th>Revised Budget</th>
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</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$52,802,445</td>
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<td>Receipts</td>
<td>$11,353,041</td>
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<td>Net Appropriation</td>
<td>$40,449,398</td>
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<table>
<thead>
<tr>
<th>General Fund FTE</th>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>422.68</td>
</tr>
<tr>
<td>Legislative Changes</td>
<td>3.00</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>425.68</td>
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</table>
## Summary of General Fund Appropriations

### Fiscal Year 2016-17

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Department of Insurance</th>
<th>Budget Code 43008</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code/Fund Name</td>
<td>Required</td>
<td>Receipts</td>
<td>Net Appropriation</td>
<td>Required</td>
<td>Receipts</td>
<td>Net Appropriation</td>
<td>Required</td>
<td>Receipts</td>
<td>Net Appropriation</td>
<td>Required</td>
</tr>
<tr>
<td>1100: Administration</td>
<td>2,063,926</td>
<td>1,075,914</td>
<td>949,912</td>
<td>1,000,000</td>
<td>979,006</td>
<td>27,994</td>
<td>2,063,926</td>
<td>1,075,914</td>
<td>949,912</td>
<td>1,000,000</td>
</tr>
<tr>
<td>1300: Premiums, Fraud and Productive Group</td>
<td>8,776,857</td>
<td>2,816,661</td>
<td>5,959,196</td>
<td>64,703</td>
<td>64,703</td>
<td>64,703</td>
<td>8,776,857</td>
<td>2,816,661</td>
<td>5,959,196</td>
<td>64,703</td>
</tr>
<tr>
<td>1500: Office of State Fire Marshal</td>
<td>18,086,751</td>
<td>3,258,344</td>
<td>10,828,377</td>
<td>880,000</td>
<td>880,000</td>
<td>880,000</td>
<td>18,086,751</td>
<td>3,258,344</td>
<td>10,828,377</td>
<td>880,000</td>
</tr>
<tr>
<td>1600: Consumer Assistance Group</td>
<td>4,402,509</td>
<td>2,867,710</td>
<td>1,534,798</td>
<td>121,930</td>
<td>121,930</td>
<td>121,930</td>
<td>4,402,509</td>
<td>2,867,710</td>
<td>1,534,798</td>
<td>121,930</td>
</tr>
<tr>
<td>1900: Reserves and Transfers</td>
<td>887,126</td>
<td>-</td>
<td>887,126</td>
<td>887,126</td>
<td>-</td>
<td>887,126</td>
<td>887,126</td>
<td>-</td>
<td>887,126</td>
<td>887,126</td>
</tr>
</tbody>
</table>

### Department-wide Items

| NA: Compensation Increase Reserve | - | - | - | 561,854 | N/A | 561,854 | - | - | 561,854 | N/A | 561,854 |
| NA: State Retirement Contribution | - | - | - | 182,327 | N/A | 182,327 | - | - | 182,327 | N/A | 182,327 |

### Total

| Total | $48,156,367 | $11,166,241 | $36,990,126 | $3,357,158 | $3,357,158 | $3,357,158 | $48,533,525 | $11,523,399 | $36,990,126 | $3,357,158 | $3,357,158 | $3,357,158 |

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Page 120

(5.0) Insurance
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes</th>
<th>Revised Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>Administration</td>
<td>62.17</td>
<td>-</td>
<td>62.17</td>
</tr>
<tr>
<td>1200</td>
<td>Company Services Group</td>
<td>102.08</td>
<td>-</td>
<td>102.08</td>
</tr>
<tr>
<td>1400</td>
<td>Producers, Fraud and Products Group</td>
<td>96.00</td>
<td>1.00</td>
<td>96.00</td>
</tr>
<tr>
<td>1500</td>
<td>Office of State Fire Marshal</td>
<td>95.43</td>
<td>-</td>
<td>95.43</td>
</tr>
<tr>
<td>1600</td>
<td>Consumer Assistance Group</td>
<td>66.00</td>
<td>2.00</td>
<td>70.00</td>
</tr>
<tr>
<td>1900</td>
<td>Reserves and Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td><strong>422.68</strong></td>
<td><strong>3.00</strong></td>
<td><strong>425.68</strong></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(5.0) Insurance

<table>
<thead>
<tr>
<th>Description</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
<td>FY 16-17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Salaries and Benefits</td>
<td></td>
</tr>
<tr>
<td>16 Compensation Increase Reserve</td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
<td></td>
</tr>
<tr>
<td>17 State Retirement Contributions</td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.0% one-time cost-of-living supplement to retirees.</td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.5 billion, an increase of $79.0 million for FY 2016-17.</td>
<td></td>
</tr>
<tr>
<td>Albermarle Building</td>
<td></td>
</tr>
<tr>
<td>18 Equipment</td>
<td></td>
</tr>
<tr>
<td>Fund Code: 1100</td>
<td></td>
</tr>
<tr>
<td>Provides funds for equipment and IT Infrastructure for the Albermarle Building. The building is scheduled to open in FY 2016-17. The revised net appropriation for this fund is $8.2 million.</td>
<td></td>
</tr>
<tr>
<td>Captives Insurance Regulation</td>
<td></td>
</tr>
<tr>
<td>19 Actuary Funding</td>
<td></td>
</tr>
<tr>
<td>Fund Code: 1200</td>
<td></td>
</tr>
<tr>
<td>Provides funds for an actuary position authorized under Session Law 2015-241. This position will provide support for the captives insurance industry and continue to market and promote the industry in North Carolina. The revised net appropriation for this fund is $10.5 million.</td>
<td></td>
</tr>
</tbody>
</table>

(5.0) Insurance
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Consumer Assistance Group</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Consumer Staff Positions</td>
<td>$121,930 R</td>
</tr>
<tr>
<td>Fund Code: 1600</td>
<td>2.00</td>
</tr>
</tbody>
</table>

Funds 2 FTEs to assist individuals with insurance inquiries within the Consumer Assistance Group. The revised net appropriation for this fund is $3.7 million.

<table>
<thead>
<tr>
<th>Office of State Fire Marshal</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21 State Fire Protection Program</td>
<td></td>
</tr>
<tr>
<td>Fund Code: 1500</td>
<td></td>
</tr>
<tr>
<td>Transfers $159,000 in receipts from the Department of Transportation for FY 2019-17 on a nonrecurring basis to support the State Fire Protection grant program. The revised net appropriation for the State Fire Protection program is $3.8 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Building Code Registry</th>
<th>$425,000 NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: 1500</td>
<td></td>
</tr>
<tr>
<td>Provides funds to make the NC Building Code Registry fully online and searchable. The revised net appropriation for the Office of State Fire Marshal is $11.4 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Producers, Fraud, and Products Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>23 Fraud Investigator</td>
<td>$94,702 R</td>
</tr>
<tr>
<td>Fund Code: 1400</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Funds 1 FTE within the Producers, Fraud, and Products Group to investigate potential insurance fraud. The revised net appropriation for this fund is $36.6 million.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>$857,882 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Position Changes</td>
<td>$1,874,810 NR</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>$40,887,748</td>
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</table>

(5.0) Insurance
### Conference Report on the Base, Capital, and Expansion Budget

#### Special Fund – Non-Interest Bearing

<table>
<thead>
<tr>
<th>FY 2016-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>$2,227,183</td>
</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$45,571,476</td>
</tr>
<tr>
<td>Receipts</td>
<td>$45,571,476</td>
</tr>
<tr>
<td>Positions</td>
<td>2.90</td>
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### Legislative Changes

#### Requirements:

<table>
<thead>
<tr>
<th>Rescue Squad Workers Relief Fund</th>
<th>$1,456,931</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restores the recurring transfer of a portion of vehicle inspection fee from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to eligible beneficiaries. The revised net appropriation for the Rescue Squad Worker's Relief Fund is $1,456,931.</td>
<td>0.00</td>
<td>NR</td>
</tr>
</tbody>
</table>

**Subtotal Legislative Changes**: $1,456,931 R

| $0 | NR | 0.00 |

#### Receipts:

<table>
<thead>
<tr>
<th>Rescue Squad Workers' Relief Fund</th>
<th>$1,456,931</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>NR</td>
</tr>
</tbody>
</table>

**Subtotal Legislative Changes**: $1,456,931 R

| $0 | NR |

(5.0) Insurance
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Total Requirements</td>
</tr>
<tr>
<td>Revised Total Receipts</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
</tr>
<tr>
<td>Total Positions</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
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</table>

(5.0) Insurance
**Conference Report on the Base, Capital, and Expansion Budget**

### Special Fund – Non-Interest Bearing

<table>
<thead>
<tr>
<th>FY 2016-17</th>
<th></th>
</tr>
</thead>
</table>

#### Beginning Unreserved Fund Balance

- **$7,922,502**

#### Recommended Budget

- **Requirements**: $348,233
- **Receipts**: $348,233
- **Positions**: 3.50

#### Legislative Changes

**Requirements:**

- **Volunteer Rescue/EMS Program**: $957,352 R
  - Continues the transfer of a portion of vehicle inspection fee from the Department of Transportation, Division of Motor Vehicles to continue support of the State’s grant program that provides funding to local rescue organizations. The revised net appropriation for the Rescue Squad Worker’s Relief Fund is $1.6 million.

<table>
<thead>
<tr>
<th>Subtotal Legislative Changes</th>
<th>$957,352</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
<td>NR</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Receipts:**

- **Volunteer Rescue/EMS Grants**: $957,352 R
  - $0 NR

<table>
<thead>
<tr>
<th>Subtotal Legislative Changes</th>
<th>$957,352</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
<td>NR</td>
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(5.0) Insurance
<table>
<thead>
<tr>
<th></th>
<th>FY 2015-17</th>
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</thead>
<tbody>
<tr>
<td>Revised Total Requirements</td>
<td>$1,303,585</td>
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<tr>
<td>Revised Total Receipts</td>
<td>$1,303,585</td>
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<tr>
<td>Change in Fund Balance</td>
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<td>Total Positions</td>
<td>3.50</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
<td>$7,922,502</td>
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</tbody>
</table>

(5.0) Insurance
## General Fund Budget

**FY 2016-17**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$6,617,898</td>
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<tr>
<td>Receipts</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$6,513,363</td>
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<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$117,012</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$117,012</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$6,734,910</td>
</tr>
<tr>
<td>Receipts</td>
<td>$104,535</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$6,630,375</td>
</tr>
</tbody>
</table>

## General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>61.00</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>61.00</td>
</tr>
</tbody>
</table>

---

(6.0) State Board of Elections
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**

2016 Legislative Session

<table>
<thead>
<tr>
<th>Department</th>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Required Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1010</td>
<td>Administration</td>
<td>1010</td>
<td>808,252</td>
<td>100,480</td>
<td>807,772</td>
</tr>
<tr>
<td>1100</td>
<td>Campaign Reporting</td>
<td>1010</td>
<td>1,408,654</td>
<td>2,060</td>
<td>1,406,594</td>
</tr>
<tr>
<td>1101</td>
<td>Ethics and Campaign Reform</td>
<td>1010</td>
<td>96,645</td>
<td>-</td>
<td>96,645</td>
</tr>
<tr>
<td>1012</td>
<td>Voter Registration and Voting Systems</td>
<td>1010</td>
<td>3,177,086</td>
<td>-</td>
<td>3,177,086</td>
</tr>
<tr>
<td>1020</td>
<td>Voter Information Verification Act (VIVA)</td>
<td>1010</td>
<td>1,907,026</td>
<td>-</td>
<td>1,907,026</td>
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</table>

<table>
<thead>
<tr>
<th>Department-wide Items</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>VIVA Compensation Increase Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>USA State Retirement Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>8,417,886</td>
<td>$1,066,539</td>
<td>$6,415,348</td>
<td>$117,815</td>
<td>$6,517,835</td>
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</table>

(6.0) State Board of Elections
<table>
<thead>
<tr>
<th>Budget Code</th>
<th>Fund Name</th>
<th>Fund Code</th>
<th>Net Appropriation</th>
<th>Legislative Changes</th>
<th>Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1400</td>
<td>Commission</td>
<td>1200</td>
<td>-</td>
<td>-</td>
<td>1200</td>
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<tr>
<td>1201</td>
<td>Ethics and Campaign Reform</td>
<td>1201</td>
<td>-</td>
<td>-</td>
<td>1201</td>
</tr>
<tr>
<td>1300</td>
<td>Voter Registration and Voting Systems</td>
<td>1300</td>
<td>-</td>
<td>-</td>
<td>1300</td>
</tr>
<tr>
<td>1400</td>
<td>Voter Information Technology (VIT)</td>
<td>1400</td>
<td>-</td>
<td>-</td>
<td>1400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td>$100.00</td>
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<tr>
<td></td>
<td></td>
<td></td>
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<td>Total FTE</td>
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</table>

Summary of General Fund Total Requirement FTE 2016 Legislative Session
(6.0) State Board of Elections

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget Enacted 2015 Session</strong></td>
<td>$6,513,383</td>
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**Reserve for Salaries and Benefits**

<table>
<thead>
<tr>
<th>24 Compensation Increase Reserve</th>
<th>$66,219  R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: N/A</td>
<td>$22,073    NR</td>
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</tbody>
</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>26 State Retirement Contributions</th>
<th>$11,468  R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: N/A</td>
<td>$17,232    NR</td>
</tr>
</tbody>
</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.0% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $790.0 million for FY 2016-17.

**Total Legislative Changes**

| $77,707  R |

**Total Position Changes**

| $39,305  NR |

**Revised Budget**

<p>| $6,630,375 |</p>
<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$58,225,706</td>
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<tr>
<td>Receipts</td>
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</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$57,009,051</td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$7,806,816</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$7,806,816</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$64,815,867</td>
</tr>
<tr>
<td>Receipts</td>
<td>$1,216,655</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$64,815,867</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>General Fund FTE</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>315.25</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td>315.25</td>
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</table>
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>General Assembly</th>
<th>Budget Code 4408</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code / Fund Name</td>
<td>Required Budget</td>
</tr>
<tr>
<td></td>
<td>Appropriation</td>
</tr>
<tr>
<td>1110 - Senate</td>
<td>9,808,058</td>
</tr>
<tr>
<td>1120 - House of Representatives</td>
<td>16,604,405</td>
</tr>
<tr>
<td>1111 - Administrative Division</td>
<td>8,791,673</td>
</tr>
<tr>
<td>1112 - Bill Drafting Office</td>
<td>3,008,882</td>
</tr>
<tr>
<td>1113 - Legislative Analyst Division</td>
<td>5,208,226</td>
</tr>
<tr>
<td>1114 - Fiscal Research Division</td>
<td>4,782,985</td>
</tr>
<tr>
<td>1115 - Building Maintenance</td>
<td>2,399,990</td>
</tr>
<tr>
<td>1116 - Food Service</td>
<td>1,704,069</td>
</tr>
<tr>
<td>1117 - Information Services</td>
<td>7,295,940</td>
</tr>
<tr>
<td>1118 - Program Evaluation Division</td>
<td>5,499,751</td>
</tr>
<tr>
<td>1190 - Committees and Other Reserves</td>
<td>101,378</td>
</tr>
<tr>
<td>Department-wide Items</td>
<td>-</td>
</tr>
<tr>
<td>N/A - Budget Additions</td>
<td>-</td>
</tr>
<tr>
<td>N/A - Compensation Increases</td>
<td>-</td>
</tr>
<tr>
<td>N/A - Compensation State Reserve - Legislative Brunch</td>
<td>-</td>
</tr>
<tr>
<td>N/A - Legislative Retirement Contributions</td>
<td>-</td>
</tr>
<tr>
<td>N/A - Retirement System Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$50,325,798</td>
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</tbody>
</table>

(7.0) General Assembly

Page J-33
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes Net Appropriation</th>
<th>Legislative Changes Receipts</th>
<th>Revised Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Senate</td>
<td>46.00</td>
<td>-</td>
<td>-</td>
<td>46.00</td>
</tr>
<tr>
<td>1120</td>
<td>House of Representatives</td>
<td>26.00</td>
<td>-</td>
<td>-</td>
<td>26.00</td>
</tr>
<tr>
<td>1211</td>
<td>Administrative Division</td>
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<td>-</td>
<td>-</td>
<td>41.00</td>
</tr>
<tr>
<td>1212</td>
<td>Bill Drafting Division</td>
<td>16.00</td>
<td>-</td>
<td>-</td>
<td>16.00</td>
</tr>
<tr>
<td>1213</td>
<td>Legislative Analysis Division</td>
<td>48.00</td>
<td>-</td>
<td>-</td>
<td>48.00</td>
</tr>
<tr>
<td>1214</td>
<td>Fiscal Research Division</td>
<td>39.00</td>
<td>-</td>
<td>-</td>
<td>39.00</td>
</tr>
<tr>
<td>1215</td>
<td>Building Maintenance</td>
<td>24.00</td>
<td>-</td>
<td>-</td>
<td>24.00</td>
</tr>
<tr>
<td>1216</td>
<td>Food Service</td>
<td>20.25</td>
<td>-</td>
<td>-</td>
<td>20.25</td>
</tr>
<tr>
<td>1217</td>
<td>Information Systems</td>
<td>38.00</td>
<td>-</td>
<td>-</td>
<td>38.00</td>
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<tr>
<td>1219</td>
<td>Program Evaluation Division</td>
<td>15.00</td>
<td>-</td>
<td>-</td>
<td>15.00</td>
</tr>
<tr>
<td>1900</td>
<td>Committees and Other Reserves</td>
<td>2.00</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td><strong>315.25</strong></td>
<td></td>
<td></td>
<td><strong>315.25</strong></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(7.0) General Assembly

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th>GENERAL FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve for Salaries and Benefits</strong></td>
<td></td>
</tr>
<tr>
<td><strong>26 Compensation Increase Reserve</strong></td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.</td>
<td></td>
</tr>
<tr>
<td><strong>27 Compensation Bonus Reserve - Legislative Branch</strong></td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>Provides funding for one-time merit-based bonuses for State employees. The Legislative Services Commission shall develop policies for the allocation of merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million.</td>
<td></td>
</tr>
<tr>
<td><strong>28 State Retirement Contributions</strong></td>
<td></td>
</tr>
<tr>
<td>Fund Code: N/A</td>
<td></td>
</tr>
<tr>
<td>Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.</td>
<td></td>
</tr>
<tr>
<td>For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $11.0 billion, an increase of $390.0 million for FY 2016-17.</td>
<td></td>
</tr>
</tbody>
</table>
Conferece Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Legislative Retirement Contributions</td>
</tr>
<tr>
<td>Fund Code: 11A</td>
</tr>
<tr>
<td>Increases the state’s contribution for members of the Legislative Retirement System (LRS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees. The revised net appropriation for members of LRS is estimated to be $562,264.</td>
</tr>
</tbody>
</table>

Agency Wide

| 30 Budget Additions | $3,000,000 R |
| Fund Code: N/A | $1,000,000 NR |
| Provides additional funding for the General Assembly’s operations, temporary staffing requirements, and other expenditures associated with running the session. This recurring funding will realign the General Assembly’s structural operating budget to account for differences in expenditures between short session and long session. This appropriation is offset by a reduction in the special fund account 21000. The revised net appropriation for the General Assembly is $64.8 million. |

Senate

| 31 Operating Funds | $1,500,000 R |
| Fund Code: 1110 | |
| Provides additional operating funds for the North Carolina General Assembly’s Senate budget. The revised net appropriation for this fund code is $11.4 million. |

| Total Legislative Changes | $5,890,143 R |
| Total Position Changes | $1,926,673 NR |

Revised Budget | $86,915,067 |

(7.0) General Assembly
### FY 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Unreserved Fund Balance</td>
<td>$9,284,182</td>
</tr>
<tr>
<td><strong>Recommended Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$400,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Positions</td>
<td>0.00</td>
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</table>

#### Legislative Changes

**Requirements:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Correction</strong></td>
<td>($400,000) R</td>
</tr>
<tr>
<td>Eliminates a transfer out of this fund. The revised net appropriation for this fund is $0.</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>$3,000,000 NR</td>
</tr>
<tr>
<td>Transfers funds from the reserve account to general fund availability for the purpose of providing funds for operations</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal Legislative Changes</strong></td>
<td>($400,000) R</td>
</tr>
<tr>
<td></td>
<td>$3,000,000 NR</td>
</tr>
</tbody>
</table>

#### Receipts:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Carolina General Assembly</td>
<td>$0 R</td>
</tr>
<tr>
<td></td>
<td>$0 NR</td>
</tr>
<tr>
<td><strong>Subtotal Legislative Changes</strong></td>
<td>$0 R</td>
</tr>
<tr>
<td></td>
<td>$0 NR</td>
</tr>
</tbody>
</table>

(7.0) General Assembly

Page 237
<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2015-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Total Requirements</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Revised Total Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
<td>($3,000,000)</td>
</tr>
<tr>
<td>Total Positions</td>
<td>0.00</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
<td>$8,284,152</td>
</tr>
<tr>
<td></td>
<td>FY 2016-17</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$6,120,837</td>
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<tr>
<td>Receipts</td>
<td>$554,663</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$5,566,174</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$107,248</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Net Appropriation</td>
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</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$6,228,085</td>
</tr>
<tr>
<td>Receipts</td>
<td>$554,663</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$5,673,422</td>
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</table>

**General Fund FTE**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
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<tr>
<td>Legislative Changes</td>
<td>0.00</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>54.20</td>
</tr>
</tbody>
</table>
## Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Requirements</td>
<td>Appropriation</td>
<td>Receipts</td>
</tr>
<tr>
<td>1110</td>
<td>Administration</td>
<td>5,000,756</td>
<td>4,350,396</td>
<td>2,500,430</td>
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<tr>
<td>1031</td>
<td>Raehl Executive Residence</td>
<td>844,587</td>
<td>541,397</td>
<td>302,349</td>
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<tr>
<td>5133</td>
<td>Vionette Executive Residence</td>
<td>15,490</td>
<td>7,060</td>
<td>6,430</td>
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<tr>
<td>1111</td>
<td>Department-wide Items</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>N/A</td>
<td>Compensation Increase Reserve</td>
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<td>-</td>
</tr>
<tr>
<td>N/A</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
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<td>$5,862,443</td>
<td>$5,148,175</td>
<td>$137,714</td>
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</table>
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Administration</td>
<td>51.20</td>
<td>-</td>
<td>51.20</td>
</tr>
<tr>
<td>1631</td>
<td>Raleigh Executive Residence</td>
<td>3.00</td>
<td>-</td>
<td>3.00</td>
</tr>
<tr>
<td>1632</td>
<td>Western Executive Residence</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td><strong>54.20</strong></td>
<td>-</td>
<td><strong>54.20</strong></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(8.0) Governor

<table>
<thead>
<tr>
<th>General Fund</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 16-17</td>
<td>$5,566,174</td>
</tr>
</tbody>
</table>

**Total Budget Enacted 2015 Session**

### Legislative Changes

**Reserve for Salaries and Benefits**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>Compensation Increase Reserve</td>
<td>N/A</td>
<td>$60,636</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.</td>
<td></td>
<td>$20,212</td>
<td>NR</td>
</tr>
</tbody>
</table>

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>State Retirement Contributions</td>
<td>N/A</td>
<td>$10,560</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>Increases the State’s contribution for members of the Teachers’ and Eta State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.</td>
<td></td>
<td>$15,840</td>
<td>NR</td>
</tr>
</tbody>
</table>

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

### Total Legislative Changes

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$71,196</td>
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<tr>
<td></td>
<td>$36,062</td>
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### Revised Budget

<table>
<thead>
<tr>
<th>Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5,673,422</td>
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</tbody>
</table>

(8.0) Governor

Page J.42
# General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$2,334,447</td>
</tr>
<tr>
<td>Receipts</td>
<td>$334,447</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$2,000,000</strong></td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$313</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$313</strong></td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$2,334,760</td>
</tr>
<tr>
<td>Receipts</td>
<td>$334,447</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td><strong>$2,000,313</strong></td>
</tr>
</tbody>
</table>

## General Fund FTE

<table>
<thead>
<tr>
<th>Component</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>3.39</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>3.39</td>
</tr>
</tbody>
</table>
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Rejected Budget</th>
<th>Legislation Changes</th>
<th>Refined Budget</th>
<th>Roll Call Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A15</td>
<td>Education and Workforce Innovation Program</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>1A20</td>
<td>Governor's Special Projects</td>
<td>304,447</td>
<td>304,447</td>
<td>304,447</td>
<td>304,447</td>
</tr>
<tr>
<td></td>
<td>Departmentwide Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net Compensation Increase Reserve</td>
<td>313</td>
<td>N/A</td>
<td>313</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$2,304,447</td>
<td>$2,304,447</td>
<td>$2,304,447</td>
<td>$2,304,447</td>
</tr>
</tbody>
</table>

(*0.0) Governor - Special Projects
Summary of General Fund Total Requirement FTE
Fiscal Year 2016-17
2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>TA15</td>
<td>Education and Workforce Innovation Program</td>
<td>0.20</td>
<td>-</td>
<td>0.20</td>
</tr>
<tr>
<td>TR30</td>
<td>Governor's Special Projects</td>
<td>3.19</td>
<td>-</td>
<td>3.19</td>
</tr>
<tr>
<td>Total FTE</td>
<td></td>
<td><strong>3.39</strong></td>
<td>-</td>
<td><strong>3.39</strong></td>
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</tbody>
</table>
### (9.0) Governor - Special Projects

#### General Fund

<table>
<thead>
<tr>
<th>Total Budget Enacted 2015 Session</th>
<th>FY 16-17</th>
<th>$2,000,000</th>
</tr>
</thead>
</table>

#### Legislative Changes

**Reserve for Salaries and Benefits**

<table>
<thead>
<tr>
<th>34 Compensation Increase Reserve</th>
<th>$235</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Code: N/A</td>
<td>$78</td>
<td>NR</td>
</tr>
</tbody>
</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>$235</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Position Changes</td>
<td>$78</td>
<td>NR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Budget</th>
<th>$2,000,313</th>
</tr>
</thead>
</table>

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(9.0) Governor - Special Projects  
Page 46
### General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$8,103,291</td>
</tr>
<tr>
<td>Receipts</td>
<td>$571,883</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$7,531,408</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$440,763</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$440,763</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$8,544,054</td>
</tr>
<tr>
<td>Receipts</td>
<td>$571,883</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$7,972,171</td>
</tr>
</tbody>
</table>

### General Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>69.31</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>3.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>72.31</td>
</tr>
</tbody>
</table>

(10.0) State Budget and Management
## Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Revises Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriation</th>
<th>Net Appropriation</th>
<th>Net Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1932</td>
<td>Office of State Budget and Management</td>
<td>7,971,083</td>
<td>266,070</td>
<td>-</td>
<td>7,705,013</td>
<td>-</td>
<td>7,705,013</td>
</tr>
<tr>
<td>1932</td>
<td>OBEA</td>
<td>306,200</td>
<td>306,200</td>
<td>-</td>
<td>306,200</td>
<td>-</td>
<td>306,200</td>
</tr>
<tr>
<td>Department-wide Items</td>
<td>Compensation Increase Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>122,983</td>
<td>N/A</td>
<td>122,983</td>
</tr>
<tr>
<td></td>
<td>State Retirement Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,000</td>
<td>N/A</td>
<td>30,000</td>
</tr>
<tr>
<td>Total</td>
<td>$8,103,289</td>
<td>$771,080</td>
<td>$7,331,406</td>
<td>$440,763</td>
<td>$0</td>
<td>$440,763</td>
<td>$3,584,054</td>
</tr>
</tbody>
</table>

(10.0) State Budget and Management
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>1301</td>
<td>Office of State Budget and Management</td>
<td>65.31</td>
<td>3.00</td>
<td>-</td>
</tr>
<tr>
<td>1322</td>
<td>NC GEAR</td>
<td>4.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td><strong>69.31</strong></td>
<td><strong>3.00</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
### (10.0) State Budget & Management

<table>
<thead>
<tr>
<th><strong>Total Budget Enacted 2015 Session</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td><strong>$7,531,400</strong></td>
</tr>
</tbody>
</table>

#### Legislative Changes

**Reserve for Salaries and Benefits**

<table>
<thead>
<tr>
<th><strong>38 Compensation Increase Reserve</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>$91,997</strong></td>
</tr>
<tr>
<td><strong>$30,666</strong></td>
</tr>
</tbody>
</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th><strong>36 State Retirement Contributions</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> N/A</td>
</tr>
<tr>
<td><strong>$15,960</strong></td>
</tr>
<tr>
<td><strong>$23,040</strong></td>
</tr>
</tbody>
</table>

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

### Office of State Budget and Management

<table>
<thead>
<tr>
<th><strong>37 Connect NC Bond Staff</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> 1310</td>
</tr>
<tr>
<td><strong>$278,200</strong></td>
</tr>
</tbody>
</table>

Provides funding for 3 staff to assist agencies as needed with Connect NC Bond projects. The revised net appropriation for this fund is $8.0 million.

### Total Legislative Changes

| **$386,157** |
| **$54,600**  |

### Revised Budget

| **$7,972,171** |

---

(10.0) State Budget & Management
<table>
<thead>
<tr>
<th>FY 2016-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>$83,102,273</td>
</tr>
</tbody>
</table>

**Recommended Budget**

- Requirements: $0
- Receipts: $0
- Positions: 0.00

**Legislative Changes**

**Requirements:**

- **Child Facility-Based Crisis Centers**
  - Provides funds to the Department of Health and Human Services. Budget Code 24460 for start-up costs (renovation or construction) to establish up to 2 new child facility-based crisis centers. Funds will be awarded on a competitive basis. The Department shall establish a process for applying for these grants, criteria for evaluating applications, and a process for allocating grants.
  - 50 R
  - $2,000,000 NR
  - 0.00

- **Inpatient Behavioral Health Beds**
  - Transfers funds to the Department of Health and Human Services. Budget Code 24460 for the purpose of expanding inpatient capacity in rural areas near counties with limited inpatient capacity relative to their needs through constructing new beds or renovating existing beds to form new inpatient psychiatric units. Beds constructed or converted with these funds shall be named in honor of Dorothea Dix.
  - 50 R
  - $18,000,000 NR
  - 0.00

**Subtotal Legislative Changes**

- 50 R
- $20,000,000 NR
- 0.00

**Receipts:**

(10.0) State Budget and Management
### Conference Report on the Base, Capital, and Expansion Budget

**FY 2015-17**

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Total Requirements</th>
<th>Revised Total Receipts</th>
<th>Change in Fund Balance</th>
<th>Total Positions</th>
<th>Unappropriated Balance Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dorothea Dix Proceeds</td>
<td>$0 R</td>
<td>$0 NR</td>
<td></td>
<td></td>
<td>$32,102,273</td>
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<tr>
<td>Subtotal Legislative Changes</td>
<td>$0 R</td>
<td>$0 NR</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** $20,000,000

(10.0) State Budget and Management
### General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$2,000,000</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$20,700,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$20,700,000</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$22,700,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$22,700,000</td>
</tr>
</tbody>
</table>

### General Fund FTE

<table>
<thead>
<tr>
<th></th>
<th>0.00</th>
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</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td>0.00</td>
</tr>
</tbody>
</table>
## Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Budget Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislation Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1002</td>
<td></td>
<td>Special Appropriations</td>
<td>$2,000,000</td>
<td>$20,700,000</td>
<td>$22,700,000</td>
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<tr>
<td></td>
<td></td>
<td>Department-wide Items</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>$2,000,000</td>
<td>$20,700,000</td>
<td>$22,700,000</td>
</tr>
</tbody>
</table>

(11.0) Office of State Budget and Management - Special
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Budget Code 13085</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes Net Appropriation</th>
<th>Revised Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1022</td>
<td>Special Appropriations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(11.0) State Budget and Management - Special

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>38 Career and Technical Education School Renovation Funds</strong></td>
<td>$5,000,000</td>
<td>NR</td>
</tr>
<tr>
<td><strong>Fund Code</strong>: 1022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds to Onslow County to retrofit and purchase equipment for a regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>career and technical education center. The revised net appropriation for this project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>is $5.0 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>39 Averasboro Town Restoration Association, Inc.</strong></td>
<td>$50,000</td>
<td>NR</td>
</tr>
<tr>
<td><strong>Fund Code</strong>: 1022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides a grant-in-aid of $50,000 to the Averasboro Town Restoration Association,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inc. The revised net appropriation for this grant-in-aid for FY 2016-17 is $50,000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>40 NC Highway 70 Emergency Stabilization Funds</strong></td>
<td>$250,000</td>
<td>NR</td>
</tr>
<tr>
<td><strong>Fund Code</strong>: 1022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides a grant-in-aid to the Town of Hickory to mitigate structural damage to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highway 70. The revised net appropriation for this project is $250,000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>41 Facility Rehabilitation</strong></td>
<td>$300,000</td>
<td>NR</td>
</tr>
<tr>
<td><strong>Fund Code</strong>: 1022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds to the Andrew Jackson Historical Foundation, Inc. to renovate the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Museum of the Waxhaws. The revised net appropriation for the museum is $300,000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>42 NC Symphony</strong></td>
<td>$500,000</td>
<td>R</td>
</tr>
<tr>
<td><strong>Fund Code</strong>: 1022</td>
<td>($500,000)</td>
<td>NR</td>
</tr>
<tr>
<td>Provides additional recurring funds for the NC Symphony for a challenge grant. The</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NC Symphony must demonstrate to the Office of State Budget and Management that it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>raises $9 million during FY 2016-17 in order to receive these grant funds. The revised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>net appropriation for the NC Symphony is $2.0 million.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

43 YMCA Grants-in-aid

Fund Code: 1022

Provides grants-in-aid to the following branches of the YMCA:

- Southeast Raleigh YMCA $250,000
- Cary Family YMCA $100,000
- Randolph-Asheboro YMCA $50,000
- Alamance County YMCA $50,000

The revised net appropriation for YMCA grants-in-aid is $450,000.

44 Healing Waters Fly Fishing, Inc.

Fund Code: 1022

Provides a grant-in-aid to the Healing Waters Fly Fishing, Inc. The revised net appropriation to this entity for FY 2016-17 is $50,000.

45 Recreation Grants-in-aid

Fund Code: 1022

Provides grants-in-aid to the following:

- Watauga County for tourism and development for New River access points $50,000
- Watauga County for Middle Fork Greenway $100,000
- City of Fayetteville for connector for Cape Fear River Trail $125,000
- Harnett County Veterans Council Park $50,000
- Mecklenburg County Sportsplex $1,000,000
- Liberty Veterans Memorial and Gardens $25,000

46 Sidewalk Projects

Fund Code: 1022

Provides a grant-in-aid of $500,000 to the Town of Matthews to complete sidewalks to handle increased pedestrian traffic and provides a grant-in-aid of $500,000 to the Town of Mint Hill to complete sidewalks in and around the downtown area. The revised net appropriation for these sidewalk projects is $1.0 million.

47 Communities in Schools of Caldwell County

Fund Code: 1022

Provides a grant-in-aid to Communities in Schools of Caldwell County to relocate a historical building within the City of Lenoir. The revised net appropriation for this project is $100,000.

48 Kernersville Foundation Grant

Fund Code: 1022

Provides a grant-in-aid to the Kernersville Foundation. The revised net appropriation for this foundation is $50,000.

(11.0) State Budget and Management - Special

Page 37
<table>
<thead>
<tr>
<th>49</th>
<th>North Carolina Policy Collaboratory</th>
<th>Fund Code: 1022</th>
<th>FY 16-17</th>
<th>$3,500,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds to the Office of State Budget and Management to administer a new challenge grant to UNC-Chapel Hill for the North Carolina Policy Collaboratory. UNC-Chapel Hill is required to match one-to-one the grant funds. The revised net appropriation for this challenge grant is $3.5 million.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>50</th>
<th>Applied Physical Sciences</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$4,000,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds to Office of State Budget and Management to administer a new challenge grant for applied physical sciences at UNC Chapel Hill. Receipt of those grant funds will require a one-to-one match by the recipient. The revised net appropriation for this challenge grant is $4.0 million.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>51</th>
<th>Macon County Community Funding Pool Grant</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$100,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides a grant-in-aid to the Macon County Community Funding Pool. The revised net appropriation for the grant-in-aid to the Macon County Community Funding Pool is $100,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>52</th>
<th>Local History Museums</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$100,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides grants of $50,000 each to local history museums in Burke County and Sampson County. The entities receiving funds are The History Museum of Burke County and Sampson County History Museum. The revised net appropriation for these grants is $100,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>53</th>
<th>Project New Hope Funding</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$50,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides a grant-in-aid of $50,000 nonrecurring to Project New Hope. The revised net appropriation for this grant-in-aid is $50,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>54</th>
<th>School Construction Funds</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$3,000,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides funds to Jones County for the construction of a collocated middle and high school. The revised net appropriation for FY 2016-17 for this project is $3.0 million.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>55</th>
<th>Asbestos Abatement</th>
<th>Fund Code: 1022</th>
<th></th>
<th>$250,000</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides $250,000 to Iredell County for an asbestos abatement project at the Old Davis Hospital Site. The revised net appropriation for this project is $250,000.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| (11.0) State Budget and Management - Special | | Page J 58 | | | |
**Conference Report on the Base, Capital, and Expansion Budget**

<table>
<thead>
<tr>
<th>56 Farmington Community Center Funding</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> 1022</td>
<td>$100,000</td>
</tr>
<tr>
<td>Provides a nonrecurring grant-in-aid of $100,000 to the Farmington Community Center. The revised net appropriation for this grant-in-aid is $100,000.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>57 New Hanover County</th>
<th>$1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code:</strong> 1022</td>
<td>NR</td>
</tr>
<tr>
<td>Provides a grant-in-aid to New Hanover County Board of Education for the purpose of planning a new Career and Technical Education High School in partnership with Cape Fear Community College. Funds may be used for planning and implementation. The revised net appropriation for this project is $1.0 million.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>$500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NR</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Position Changes</th>
<th>$20,200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NR</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Budget</th>
<th>$22,700,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Page J 39</strong></td>
<td></td>
</tr>
</tbody>
</table>
Office of the State Auditor  
Budget Code 13300  

<table>
<thead>
<tr>
<th>General Fund Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
</tr>
</tbody>
</table>
| Requirements        | $17,576,536  
| Receipts            | $5,571,745  
| **Net Appropriation** | $12,004,791  
| **Legislative Changes** |  
| Requirements        | $501,059  
| Receipts            | $0  
| **Net Appropriation** | $501,059  
| **Revised Budget**  |  
| Requirements        | $18,077,595  
| Receipts            | $5,571,745  
| **Net Appropriation** | $12,505,850  

<table>
<thead>
<tr>
<th>General Fund FTE</th>
</tr>
</thead>
</table>
| **Enacted Budget** | 168.00  
| **Legislative Changes** | 0.00  
| **Revised Budget** | 168.00  

(12.0) Auditor
## Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Estimated Budget Requirements</th>
<th>Estimated Budget Receipts</th>
<th>Legislative Changes Requirements</th>
<th>Legislative Changes Receipts</th>
<th>Revised Budget Requirements</th>
<th>Revised Budget Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1110</td>
<td>Administration</td>
<td>2,807,720</td>
<td>2,807,720</td>
<td>-</td>
<td>-</td>
<td>2,807,720</td>
<td>2,807,720</td>
</tr>
<tr>
<td>1210</td>
<td>Field Audit Division</td>
<td>15,809,314</td>
<td>6,437,706</td>
<td>217,371</td>
<td>-</td>
<td>15,321,885</td>
<td>6,674,038</td>
</tr>
<tr>
<td></td>
<td>Department-wide Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NA: Retirement System Contributions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>NA: Compensation Increase Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>$17,676,536</td>
<td>$6,437,706</td>
<td>$217,371</td>
<td>-</td>
<td>$18,093,907</td>
<td>$6,674,038</td>
</tr>
</tbody>
</table>

(12.0) Auditor
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
2016 Legislative Session

<table>
<thead>
<tr>
<th>Budget Code 13300</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund Code</strong></td>
<td><strong>Fund Name</strong></td>
<td><strong>Total Requirements</strong></td>
<td><strong>Net Appropriation</strong></td>
</tr>
<tr>
<td>1110</td>
<td>Administration</td>
<td>23.00</td>
<td>-</td>
</tr>
<tr>
<td>1210</td>
<td>Field Audit Division</td>
<td>145.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td></td>
<td>168.00</td>
<td>-</td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(12.0) Auditor

<table>
<thead>
<tr>
<th>General Fund</th>
</tr>
</thead>
</table>

Total Budget Enacted 2015 Session

| FY | 16-17 | $12,004,791 |

Legislative Changes

**Reserve for Salaries and Benefits**

**68 Compensation Increase Reserve**

**Fund Code:** N/A  
$163,373  \hspace{1cm} R$54,458  \hspace{1cm} NR

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**69 State Retirement Contributions**

**Fund Code:** N/A  
$28,343  \hspace{1cm} R$42,514  \hspace{1cm} NR

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.8 billion, an increase of $79.0 million for FY 2016-17.

**Field Audit Division**

**60 Subject Matter Experts**

**Fund Code:** 1210  
$150,000  \hspace{1cm} NR

Provides $150,000 on a nonrecurring basis for the use of subject matter experts during audits. The revised net appropriation for this fund from all actions in this report is $9.7 million.

**61 Security Officer**

**Fund Code:** 1210  
$55,065  \hspace{1cm} R$7,308  \hspace{1cm} NR

Provides funding to allow the Office of the State Auditor to contract with the State Capitol Police for 1 full time security officer to be located in the building shared by the Office of the State Auditor, Secretary of State, and Department of Labor. The revised net appropriation for this fund from all actions in this report is $9.7 million.

Page 483
<table>
<thead>
<tr>
<th>FY 16-17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
<td>$246,761 R</td>
</tr>
<tr>
<td>Total Position Changes</td>
<td>$254,276 NA</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>$12,505,850</td>
</tr>
</tbody>
</table>

(12.0) Auditor
### General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$25,660,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$25,660,000</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$10,519,750</td>
</tr>
<tr>
<td>Receipts</td>
<td>$5,519,750</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$5,000,000</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$36,179,750</td>
</tr>
<tr>
<td>Receipts</td>
<td>$5,519,750</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$30,660,000</td>
</tr>
</tbody>
</table>

### General Fund FTE

- **Enacted Budget**: 0.00
- **Legislative Changes**: 0.00
- **Revised Budget**: 0.00
## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code / Fund Name</th>
<th>Budgeted Appropriation</th>
<th>Revised Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Requirements</td>
<td>Receipts</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>1100: Housing Finance Agency Appropriations</td>
<td>25,668,000</td>
<td>25,668,000</td>
<td>19,119,750</td>
<td>19,119,750</td>
</tr>
<tr>
<td>Department-wide Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

|                  | $25,668,000 | $0       | $19,119,750 | $5,516,750 | $5,000,000 | $35,176,750 | $5,516,750 | $36,648,000 |

(13.0) Housing Finance Agency
<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Total Requirements</th>
<th>Legislative Changes Net Appropriation</th>
<th>Revised Total Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1100</td>
<td>Housing Finance Agency Appropriations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total FTE</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(13.0) Housing Finance Agency

<table>
<thead>
<tr>
<th>Legislative Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>62 Workforce Housing Loan Program</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1100</td>
</tr>
<tr>
<td>Provides funding for the Workforce Housing Loan Program (WHLP) to assist with the development of low-income housing units across the State. The revised net appropriation for the WHLP is $20.0 million.</td>
</tr>
<tr>
<td><strong>63 Community Living Housing Fund</strong></td>
</tr>
<tr>
<td><strong>Fund Code:</strong> 1100</td>
</tr>
<tr>
<td>Authorizes the Housing Finance Agency to expend receipts transferred from the Department of Health and Human Services for the Community Living Housing Fund (CLHF). These funds increase access to permanent, community-based integrated housing for individuals with disabilities in support of the Olmstead Settlement. Requirements for the CLHF are increased from $0 to $5,619,750, as are receipts. The revised net appropriation for CLHF is $0.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Legislative Changes</th>
<th>$5,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Position Changes</td>
<td></td>
</tr>
<tr>
<td>Revised Budget</td>
<td>$30,860,000</td>
</tr>
</tbody>
</table>
## General Fund Budget

**FY 2016-17**

<table>
<thead>
<tr>
<th>Enacted Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$11,812,320</td>
</tr>
<tr>
<td>Receipts</td>
<td>$61,625</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$11,750,695</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$878,913</td>
</tr>
<tr>
<td>Receipts</td>
<td>$0</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$878,913</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revised Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements</td>
<td>$12,691,233</td>
</tr>
<tr>
<td>Receipts</td>
<td>$61,625</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$12,629,608</td>
</tr>
</tbody>
</table>

### General Fund FTE

<table>
<thead>
<tr>
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<th>169.88</th>
</tr>
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<tbody>
<tr>
<td>Legislative Changes</td>
<td>6.00</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>175.88</td>
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</tbody>
</table>
### Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
<th>Net Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Requirements</td>
<td>Receipts</td>
<td>Requirements</td>
<td>Receipts</td>
</tr>
<tr>
<td>1170</td>
<td>General Administration</td>
<td>3,730,252</td>
<td>1,090</td>
<td>7,298,353</td>
<td>-</td>
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<tr>
<td>1171</td>
<td>Publications Division</td>
<td>264,291</td>
<td>27,790</td>
<td>254,892</td>
<td>-</td>
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<tr>
<td>1172</td>
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(14.O) Secretary of State
### Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

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# Conference Report on the Base, Capital, and Expansion Budget

## (14.0) Secretary of State

**General Fund**

### Total Budget Enacted 2015 Session

| FY 16-17 | $11,750,086 |

### Legislative Changes

#### Reserve for Salaries and Benefits

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>FY 16-17 Budget</th>
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</thead>
<tbody>
<tr>
<td>64</td>
<td>Compensation Increase Reserve</td>
<td>N/A</td>
<td>$130,461 R $46,467 NR</td>
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Provides funds for a 1.5% annual recurring salary increase and a 0.5% non recurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>FY 16-17 Budget</th>
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</thead>
<tbody>
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<td>65</td>
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Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

#### Securities Division

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Fund Code</th>
<th>FY 16-17 Budget</th>
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</thead>
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<td>66</td>
<td>Securities Staff</td>
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<td>$632,615 R $0.0</td>
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Increases staffing levels within the Securities Division to assist with the sale of securities products. The new positions will allow the division to address rising demand due to recent Federal regulatory reforms, which have increased the pool of eligible North Carolina businesses and investors who can purchase and sell securities products. The following positions will be created: 4 Financial Investigators, 1 Attorney III, and 1 Financial Investigating Manager. The revised net appropriation for the Securities Division is $2.3 million.

### (14.0) Secretary of State

Page 72
<table>
<thead>
<tr>
<th></th>
<th>FY 16-17</th>
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<tbody>
<tr>
<td>Total Legislative Changes</td>
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(14.0) Secretary of State
## General Fund Budget

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<tr>
<td><strong>Legislative Changes</strong></td>
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<td>Requirements</td>
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<tr>
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<tr>
<td>Net Appropriation</td>
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<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
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<tr>
<td>Requirements</td>
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## General Fund FTE

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<td><strong>Revised Budget</strong></td>
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(15.0) Lieutenant Governor
# Summary of General Fund Appropriations

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Required</th>
<th>Receipts</th>
<th>Net Appropriation</th>
<th>Required</th>
<th>Receipts</th>
<th>Net Appropriation</th>
<th>Required</th>
<th>Receipts</th>
<th>Net Appropriation</th>
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<td>570,372</td>
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<td>9,786</td>
<td>8,506</td>
<td>1,280</td>
<td>9,786</td>
<td>8,506</td>
<td>1,280</td>
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<td>-</td>
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<td>N/A</td>
<td>11,766</td>
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<td>1250</td>
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<td>-</td>
<td>-</td>
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(15.0) Lieutenant Governor
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**  
2016 Legislative Session

<table>
<thead>
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<th>Lieutenant Governor</th>
<th>Budget Code 13100</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
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<td>Fund Code</td>
<td>Fund Name</td>
<td>Total Requirements</td>
<td>Net Appropriation</td>
<td>Receipts</td>
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<td>1110 Administration</td>
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<td>-</td>
<td>6.00</td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

(15.0) Lieutenant Governor

| Total Budget Enacted 2015 Session | FY 16-17 | $677,072 |

Legislative Changes

**Reserve for Salaries and Benefits**

**67 Compensation Increase Reserve**
- **Fund Code:** N/A
- **$8,849 R**
- Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**68 State Retirement Contributions**
- **Fund Code:** N/A
- **$1,535 R**
- **$2,303 NR**
- Increases the State's contribution for members of the Teachers' and State Employees' Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.6% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**Administration**

**69 Subscription and Travel**
- **Fund Code:** 1110
- **$10,000 R**
- Funds business-related employee travel and office subscriptions. The revised net appropriation for the Lieutenant Governor from all actions in this report is $703,609.

**Total Legislative Changes**
- **$20,364 R**

**Total Position Changes**
- **$6,263 NR**

**Revised Budget**
- **$703,609**

(15.0) Lieutenant Governor
<table>
<thead>
<tr>
<th>General Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Receipts</td>
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## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

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<tr>
<th>Department of Administration</th>
<th>Required Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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<td></td>
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<td>Receipts</td>
<td>Net Appropriation</td>
</tr>
<tr>
<td><strong>Fund</strong></td>
<td><strong>Code/Type</strong></td>
<td><strong>Program Name</strong></td>
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<td>CPA - Management Information Services</td>
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### Department-wide Funds

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<th>Requirements</th>
<th>Receipts</th>
<th>Net Appropriation</th>
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<tr>
<td>CPA</td>
<td>Compensation Increase Reserve</td>
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<tr>
<td>CPA</td>
<td>Retirement System Contributions</td>
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### Total

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8008
# Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
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<th>Budget Code 14100</th>
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<td><strong>Legislative Changes Total Requirements</strong></td>
<td><strong>Revised Total Requirements</strong></td>
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<td>1122</td>
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<td>Non Public Education</td>
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<td>State Property Office</td>
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</tr>
<tr>
<td>1741</td>
<td>Human Relations Commission</td>
<td>0.04</td>
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<tr>
<td>1742</td>
<td>MLK Commission</td>
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<tr>
<td>1761</td>
<td>Youth Advocacy and Involvement Office</td>
<td>4.00</td>
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<tr>
<td>1772</td>
<td>State Veterans Home Program</td>
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<tr>
<td>1781</td>
<td>Domestic Violence Program</td>
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<tr>
<td>1782</td>
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<td>1810</td>
<td>State Ethics Commission</td>
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<tr>
<td>1851</td>
<td>Pension - Surviving Spouse</td>
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<tr>
<td>1861</td>
<td>Commission on Indian Affairs</td>
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<tr>
<td>1900</td>
<td>Reserves and Transfers</td>
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<tr>
<td><strong>Total FTE</strong></td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

(16.0) Administration

<table>
<thead>
<tr>
<th>Reserve for Salaries and Benefits</th>
</tr>
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<tbody>
<tr>
<td><strong>70 Compensation Increase Reserve</strong></td>
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<tr>
<td><strong>Fund Code:</strong> N/A</td>
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<tr>
<td><strong>FY 16-17</strong></td>
</tr>
<tr>
<td>$357,817</td>
</tr>
<tr>
<td>$110,272</td>
</tr>
</tbody>
</table>

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

| **71 State Retirement Contributions** |
| **Fund Code:** N/A |
| **FY 16-17** |
| $42,076 | R |
| $93,113 | NR |

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1% onetime cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**Advocacy Programs**

| **72 Grants-in-Aid** |
| **Fund Code:** 1731 |
| **FY 16-17** |
| $200,000 | NR |

Provides a total of $200,000 nonrecurring to the Council for Women to be distributed as grants-in-aid for the following centers, which provide domestic violence prevention support:

- Next Step Ministries, Inc. in Kernersville, NC $50,000
- Ruth’s House in Washington, NC $50,000
- The Shelter of Gaston County $100,000

The revised net appropriation for domestic violence center grants-in-aid is $200,000.
<table>
<thead>
<tr>
<th></th>
<th>Conference Report on the Base, Capital, and Expansion Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>73</td>
<td>Human Relations Commission Restored Funding</td>
</tr>
<tr>
<td></td>
<td><strong>Fund Code:</strong> 17:41</td>
</tr>
<tr>
<td></td>
<td>$545,407 R</td>
</tr>
<tr>
<td></td>
<td>Restores $545,407 recurring and $6,20 positions for the Human Relations Commission, which was funded with a nonrecurring appropriation in FY 2015-16 while it underwent a continuation review. The revised net appropriation for the Human Relations Commission from all actions in this report is $0.6 million.</td>
</tr>
<tr>
<td>74</td>
<td>Human Relations Commission New Position</td>
</tr>
<tr>
<td></td>
<td><strong>Fund Code:</strong> 17:41</td>
</tr>
<tr>
<td></td>
<td>$51,451 R</td>
</tr>
<tr>
<td></td>
<td>Provides $51,451 for the salary and benefits for 1 new Administrative Assistant position. The revised net appropriation for the Human Relations Commission from all actions in this report is $0.6 million.</td>
</tr>
<tr>
<td>75</td>
<td>Youth Advocacy and Involvement Office Position Elimination</td>
</tr>
<tr>
<td></td>
<td><strong>Fund Code:</strong> 17:61</td>
</tr>
<tr>
<td></td>
<td>$(81,551) R</td>
</tr>
</tbody>
</table>
|   | Eliminates the following position, including the salary and benefits, within the Youth Advocacy and Involvement Office:
|   | 6001:4064 Advocacy Program Director |
|   | The revised net appropriation for the Youth Advocacy and Involvement Office from this action is $0.4 million. |
| 76 | Youth Advocacy and Involvement Office Transfer |
|   | **Fund Code:** 17:61 |
|   | $(333,111) R |
|   | Transfers funding and 2 positions from the Youth Advocacy and Involvement Office to the Council for Women. The Council for Women will be renamed the Council for Women and Youth Involvement. The following positions will be transferred:
|   | 6001:4081 Administrative Officer II
|   | 6301:4502 Administrative Officer II |
|   | The revised net appropriation for the Youth Advocacy and Involvement Office from this action is $61,279. |
| 77 | Council for Women and Youth Involvement |
|   | **Fund Code:** 17:31 |
|   | $333,111 R |
|   | Expands the Council for Women by receiving a transfer of funding and 2 positions from the Youth Advocacy and Involvement Office. The Council for Women is renamed the Council for Women and Youth Involvement. The following positions will be added:
|   | 6001:4081 Administrative Officer II
|   | 6301:4502 Administrative Officer II |
|   | The revised net appropriation for this fund from this action is $1.1 million. |

(16.0) Administration
Conference Report on the Base, Capital, and Expansion Budget

Reserves & Transfers

78 State Land Fund  
**Fund Code:** 1900  
Provides $2,000,000 to the department to fill a budget gap in the State Land Fund. The department shall transfer the funds into budget code 40401-6410 State Land Fund. The revised net appropriation for the State Land Fund is $2.0 million.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>$2,000,000</td>
<td>NR</td>
</tr>
</tbody>
</table>

State Construction Office

79 Connect NC Bond Administration  
**Fund Code:** 1411  
Provides funds to the State Construction Office within the Department of Administration due to the increased workload from the Connect NC Bond. The increased funding will pay for new software licenses and 6 positions. The revised net appropriation for the State Construction Office is $5.8 million.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
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<tr>
<td></td>
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State Ethics Commission

80 International Ethics Conference Hosting  
**Fund Code:** 1810  
Provides recurring funding for increased participation in the annual Council on Governmental Ethics Laws (COGEL) conference. Nonrecurring funding is provided to begin the preparation needed to host the COGEL conference in North Carolina in 2018. The revised net appropriation for the State Ethics Commission from all actions in this report is $2.0 million.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>$2,200</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>$7,600</td>
<td>NR</td>
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</table>

81 Existing Electronic Application Maintenance  
**Fund Code:** 1810  
Provides funding for continued maintenance and required updates to the State's electronic ethics application. The system accepts, tracks, and reports Statement of Economic Interest (SEI) filings, as well as maintains required ethics trainings for certain State employers and elected officials. The revised net appropriation for the State Ethics Commission from all actions in this report is $2.0 million.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>$20,000</td>
<td>NR</td>
</tr>
</tbody>
</table>

82 New Electronic Application Development  
**Fund Code:** 1810  
Funds the development and implementation of a new electronic application system to allow individuals to file and amend SEI electronically and to provide relevant updates to the ethics training modules. The revised net appropriation for the State Ethics Commission from all actions in this report is $2.0 million.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-17</td>
<td>$550,000</td>
<td>NR</td>
</tr>
</tbody>
</table>

(16.0) Administration
Conference Report on the Base, Capital, and Expansion Budget

State Property Office

83 Underutilized State Property Study

Fund Code: 1412

Provides $900,000 to the State Property Office within the Department of Administration to determine which existing underutilized State property is best suited for sale or lease. The Department may use the funds to conduct qualitative analysis on the cost and best use of such properties, including appraisals, surveys, environmental studies, and Phase I and II studies, and to hire third-party consultants to conduct comprehensive space and design planning. The revised net appropriation for the State Property Office is $1.5 million.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
<td>$1,483,147</td>
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<tr>
<td>Total Position Changes</td>
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<tr>
<td>Revised Budget</td>
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</table>

(16.0) Administration

Page 284
4414 State Land Fund

<table>
<thead>
<tr>
<th>FY 2016-17</th>
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<tr>
<td>Beginning Unreserved Fund Balance</td>
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**Recommended Budget**

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<tr>
<td>Receipts</td>
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</tr>
<tr>
<td>Positions</td>
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**Legislative Changes**

**Requirements:**

<table>
<thead>
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<tbody>
<tr>
<td></td>
<td>R</td>
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<tr>
<td></td>
<td>NR</td>
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</table>

**Subtotal Legislative Changes**

<table>
<thead>
<tr>
<th>0.00</th>
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<tbody>
<tr>
<td>R</td>
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<tr>
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**Receipts:**

<table>
<thead>
<tr>
<th>State Land Fund</th>
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<tbody>
<tr>
<td></td>
<td>R</td>
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<td></td>
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</table>

**Subtotal Legislative Changes**

<table>
<thead>
<tr>
<th>0.00</th>
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</thead>
<tbody>
<tr>
<td>R</td>
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<tr>
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$2,000,000

(16.0) Administration
<table>
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<th>Description</th>
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<tbody>
<tr>
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<tr>
<td>Revised Total Receipts</td>
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<td>Change in Fund Balance</td>
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<td>Total Positions</td>
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<td>Unappropriated Balance Remaining</td>
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(16.0) Administration
### General Fund Budget

#### FY 2016-17

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<tr>
<th>Enacted Budget</th>
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<tr>
<td>Requirements</td>
<td>$133,915,718</td>
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<tr>
<td>Receipts</td>
<td>$53,458,039</td>
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<tr>
<td>Net Appropriation</td>
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</table>

<table>
<thead>
<tr>
<th>Legislative Changes</th>
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<tbody>
<tr>
<td>Requirements</td>
<td>$1,891,151</td>
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<td>Net Appropriation</td>
<td>$1,891,151</td>
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<table>
<thead>
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<tr>
<td>Requirements</td>
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<td>Net Appropriation</td>
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### General Fund FTE

<table>
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(17.0) Revenue
<table>
<thead>
<tr>
<th>Department of Revenue</th>
<th>Required Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
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</thead>
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<tr>
<td>Code/Program Name</td>
<td>Requirements</td>
<td>Recipits</td>
<td>Net Appropriation</td>
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<td>1500: Administration</td>
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<td>3,018,080</td>
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<td>1501: Enterprise Policy Management Office</td>
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<td>1502: Human Resources</td>
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<td>1505: Information Technology</td>
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<td>1507: Revenue Research</td>
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<td>1508: Criminal Investigations</td>
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<td>1546: Income Tax Office</td>
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<td>1600: Excise Tax Office</td>
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<td>1628: Local Government Division</td>
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<td>6,107,117</td>
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<td>1670: Unfunded Subtitle Tax</td>
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<td>1690: Financial Services</td>
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<td>1700: Motor Fuel Taxes</td>
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<td>1705: Motor Vehicle Registration</td>
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<td>1710: Tax Fraud Enforcement</td>
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<td>1711: State Tax - Audit and Operations Center</td>
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<td>1800: Miscellaneous</td>
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<td>1807: Credible Motor Vehicle Tax</td>
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<tr>
<td>1810: Solid Waste Disposal Tax</td>
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<td>1810.1: Solid Waste Disposal Tax</td>
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<tr>
<td>1890: Administrative Expenses</td>
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<td>1891: General Administration</td>
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</tr>
<tr>
<td>Department-wide Items</td>
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<tr>
<td>Full Compensation Increase Revenue</td>
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<td>Department-wide Items</td>
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<tr>
<td>Total</td>
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(17.0) Revenue
## Summary of General Fund Total Requirement FTE
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Department of Revenue</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
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<tbody>
<tr>
<td><strong>Fund Code</strong></td>
<td><strong>Fund Name</strong></td>
<td><strong>Total Requirements</strong></td>
<td><strong>Not Appropriation</strong></td>
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<td>1600</td>
<td>Administration</td>
<td>29.00</td>
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<tr>
<td>1601</td>
<td>Enterprise Project Management Office</td>
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<tr>
<td>1603</td>
<td>Human Resources</td>
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</tr>
<tr>
<td>1605</td>
<td>Information Technology</td>
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<td>1607</td>
<td>Revenue Research</td>
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<td>1609</td>
<td>Criminal Investigations</td>
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</tr>
<tr>
<td>1624</td>
<td>Income Tax Division</td>
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<tr>
<td>1625</td>
<td>Excise Tax Division</td>
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<tr>
<td>1627</td>
<td>Sales and Use Taxes</td>
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<td>1629</td>
<td>Local Government Division</td>
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<td>Taxpayer Assistance</td>
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<td>Project Collect Tax</td>
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<td>Examination</td>
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<td>Unauthorized Substance Tax</td>
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<tr>
<td>1681</td>
<td>Business Operations</td>
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<td>Public Transit Tax</td>
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<td>1840</td>
<td>Dry Cleaning Solvent Tax</td>
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<td>1870</td>
<td>Solid Waste Disposal Tax</td>
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<td>911 - Service Charge</td>
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<tr>
<td>1900</td>
<td>Reserves and Transfers</td>
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<tr>
<td><strong>Total FTE</strong></td>
<td><strong>1,471.25</strong></td>
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</table>
# Conference Report on the Base, Capital, and Expansion Budget

## (17.0) Revenue

<table>
<thead>
<tr>
<th>FY 16-17</th>
<th>GENERAL FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>$90,457,679</td>
<td></td>
</tr>
</tbody>
</table>

### Legislative Changes

#### Reserve for Salaries and Benefits

**84 Compensation Increase Reserve**  
**Fund Code:** N/A  
**Fiscal Year:** $391,180  
Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

**85 State Retirement Contributions**  
**Fund Code:** N/A  
**Fiscal Year:** $227,058  
Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

### Business Operations

**86 Business Functions Optimization**  
**Fund Code:** 1661  
**Fiscal Year:** $346,000  
Provides funds to the Department of Revenue to hire a contractor to identify opportunities to lower operational costs through automation or outsourcing of paper-driven processes. The revised net appropriation for the Business Operations fund is $8.4 million.

### Total Legislative Changes  

$1,024,913  
$866,238  

### Total Position Changes  

$82,348,030  

### Revised Budget

$1,024,913  
$866,238  

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Conference Report on the Base, Capital, and Expansion Budget

**Project Collect Tax**

<table>
<thead>
<tr>
<th>Budget Code:</th>
<th>24704</th>
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**FY 2016-17**

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>Beginning Unreserved Fund Balance</td>
<td>$63,433,264</td>
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<tr>
<td><strong>Recommended Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$37,732,539</td>
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<tr>
<td>Receipts</td>
<td>$23,013,024</td>
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<td>Positions</td>
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**Legislative Changes**

**Requirements:**

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<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>Tax Fraud Analysis</strong></td>
<td></td>
</tr>
<tr>
<td>Provides funds to the Department of Revenue to continue a contract with a vendor to perform tax fraud analysis using the Government Data Analytics Center (GDAC) and to pay for identity theft protection information technology upgrades.</td>
<td>$2,000,000</td>
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<tr>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Implementation of New Tax Types</strong></td>
<td></td>
</tr>
<tr>
<td>Provides funds from the Collection Assistance Fee to pay for programming the insurance and liquid nicotine tax types to enable automated collection.</td>
<td>$592,800</td>
</tr>
<tr>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal Legislative Changes</strong></td>
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</tr>
<tr>
<td></td>
<td>$2,592,800</td>
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**Receipts:**

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<tr>
<th>Description</th>
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<tbody>
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<td><strong>Tax Fraud Analysis</strong></td>
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<tr>
<td></td>
<td>$0</td>
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<tr>
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<td>R</td>
</tr>
<tr>
<td></td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td>NR</td>
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<tr>
<td><strong>Implementation of New Tax Types</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0</td>
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<td><strong>Subtotal Legislative Changes</strong></td>
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</tr>
<tr>
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<tr>
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</table>

**(17.0) Revenue**

Page 91
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>FY 2016-17</th>
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<tbody>
<tr>
<td>Revised Total Requirements</td>
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<tr>
<td>Revised Total Receipts</td>
</tr>
<tr>
<td>Change in Fund Balance</td>
</tr>
<tr>
<td>Total Positions</td>
</tr>
<tr>
<td>Unappropriated Balance Remaining</td>
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(17.0) Revenue  

Page J92
## ITAS Replacement

<table>
<thead>
<tr>
<th>FY 2016-17</th>
<th>Budget Code: 24708</th>
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<tbody>
<tr>
<td><strong>Beginning Unreserved Fund Balance</strong></td>
<td>$22,341,776</td>
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<tr>
<td><strong>Recommended Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$2,047,600</td>
</tr>
<tr>
<td>Receipts</td>
<td>$2,047,600</td>
</tr>
<tr>
<td>Positions</td>
<td>7.00</td>
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</tbody>
</table>

### Legislative Changes

**Requirements:**

- **Operations and Maintenance for Tax Systems**
  - Requires the Department of Revenue to spend $12,000,000 nonrecurring receipt funding for tax systems. The supported systems are Enterprise Tax Management, Portfolio Warehouse, and Modernize eFile.
  - $0 R
  - $12,000,000 NR
  - 0.00

- **Subtotal Legislative Changes**
  - $0 R
  - $12,000,000 NR
  - 0.00

**Receipts:**

- **Operations and Maintenance for Tax Systems**
  - $0 R
  - $0 NR

- **Subtotal Legislative Changes**
  - $0 R
  - $0 NR

(17.0) Revenue
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revised Total Requirements</td>
<td>$14,047,500</td>
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<tr>
<td>Revised Total Receipts</td>
<td>$2,047,500</td>
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<td>Change in Fund Balance</td>
<td>($12,000,000)</td>
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<td>Total Positions</td>
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</table>

**Unappropriated Balance Remaining**  
$10,341,776
**General Fund Budget**

**FY 2016-17**

<table>
<thead>
<tr>
<th></th>
<th>Requirements</th>
<th>Receipts</th>
<th>Net Appropriation</th>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td>$23,158,226</td>
<td>$431,840</td>
<td>$22,726,386</td>
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<td><strong>Legislative Changes</strong></td>
<td>$857,584</td>
<td>$496,578</td>
<td>$361,006</td>
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<td><strong>Revised Budget</strong></td>
<td>$24,015,810</td>
<td>$928,418</td>
<td>$23,087,392</td>
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**General Fund FTE**

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<td><strong>Enacted Budget</strong></td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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<tr>
<td><strong>Revised Budget</strong></td>
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## Summary of General Fund Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Revised Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>Office of the State Controller</td>
<td>70,198,296</td>
<td>451,840</td>
<td>10,703,898</td>
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<tr>
<td>110</td>
<td>Department of Justice</td>
<td>-</td>
<td>-</td>
<td>88,007</td>
</tr>
<tr>
<td>120</td>
<td>Community Services &amp; Administration</td>
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<td>-</td>
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<tr>
<td>130</td>
<td>Total</td>
<td>25,118,296</td>
<td>411,840</td>
<td>12,776,898</td>
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</table>

(18.0) State Controller
Summary of General Fund Total Requirement FTE  
Fiscal Year 2016-17  
2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Enacted</th>
<th>Legislative Changes</th>
<th>Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>14160</td>
<td>Office of the State Controller</td>
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<td>-</td>
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<tr>
<td></td>
<td>Total FTE</td>
<td>169.00</td>
<td>-</td>
<td>169.00</td>
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</tbody>
</table>
Conference Report on the Base, Capital, and Expansion Budget

(18.0) State Controller

<table>
<thead>
<tr>
<th>General Fund</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$22,726,386</td>
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</tr>
</tbody>
</table>

**Total Budget Enacted 2015 Session**

**Legislative Changes**

**Reserve for Salaries and Benefits**

87 Compensation Increase Reserve

*Fund Code: N/A*

Provides funds for a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million for FY 2016-17.

88 State Retirement Contributions

*Fund Code: N/A*

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1% one-time cost-of-living supplement to retirees.

For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

**State Controller**

89 Continuation Review Funding Restoration

*Fund Code: 1000*

Restores the transfer of funds from the Department of Transportation to the State Controller for Building Enterprise Access for North Carolina’s Core Operation Needs (BEACON) positions under continuation review. The total amount transferred is $496,578. The revised net appropriation for personnel costs for the State Controller is $15.5 million.

(18.0) State Controller
Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
<td>$239,742</td>
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<td>$121,264</td>
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<td>Total Position Changes</td>
<td></td>
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<tr>
<td>Revised Budget</td>
<td>$23,067,392</td>
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(18.0) State Controller
Transportation
Section K
Department of Transportation  
Budget Code 84210

<table>
<thead>
<tr>
<th>Highway Fund Budget ¹</th>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td><strong>FY 2016-17</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$7,199,755,488</td>
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<tr>
<td>Receipts</td>
<td>$5,210,154,339</td>
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<td><strong>Net Appropriation</strong></td>
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<td><strong>Legislative Changes</strong></td>
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<tr>
<td>Requirements</td>
<td>$61,213,462</td>
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<td>Receipts</td>
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</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
<td>$59,088,851</td>
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<tr>
<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
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<td>Receipts</td>
<td>$5,212,278,950</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$2,048,690,000</td>
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</table>

<table>
<thead>
<tr>
<th>Highway Fund FTE</th>
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</thead>
<tbody>
<tr>
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</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
</tr>
</tbody>
</table>

¹ Enacted Budget and Revised Budget amounts include duplicate receipt-supported fund codes for field operations, grant programs, and equipment established pursuant to S.L. 2011:145, Sec. 28.2. The revised budget without these fund codes is $3,202,086,046 for requirements, $1,163,378,046 for receipts, and $2,048,690,000 for net appropriation.
<table>
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<th>Frugal Budget</th>
<th>Legislative Changes</th>
<th>Sustainable Budget</th>
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<td><strong>Unit</strong></td>
<td><strong>Revenues</strong></td>
<td><strong>Net Appropriation</strong></td>
<td><strong>Revenues</strong></td>
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**Total Funding**

| Total | 13,465,730 | - | 13,465,730 | - |

**Other Programs**

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**Total Funding**

<p>| Total | 13,465,730 | - | 13,465,730 | - |</p>
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Conference Report on the Base, Capital, and Expansion Budget

Highway Fund

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**Legislative Changes**

**Administration**

1. **Tag and Tax Together Program**
   - **Fund Code**: 7020
   - Continues funding for a time-limited accountant position to support the Tag and Tax Together Program, increasing budgeted receipts by $78,616 from the administrative fee authorized in G.S. 105-330.5(b).

**Construction**

2. **Small Urban Construction**
   - **Fund Code**: 7637
   - Continues funding for the Small Urban Construction Fund. The revised net appropriation for Small Urban Construction is $2,000,000 in FY 2016-17.

**Division of Motor Vehicles**

3. **Military Commercial Driver License Training**
   - **Fund Code**: 0049
   - Provides funding to continue a training initiative to assist military personnel in obtaining a Commercial Driver License (CDL). The revised net appropriation for this initiative is $250,000 in FY 2016-17.

4. **DMV Modernization Promotion**
   - **Fund Code**: 7050
   - Increases funding for advertising/marketing by $500,000 nonrecurring for a multi-channel public outreach campaign to promote DMV modernization initiatives and the availability of online services. The revised net appropriation for advertising/marketing is $551,000 in FY 2016-17.

5. **Driver License Examiner Staff Augmentation**
   - **Fund Code**: 0049
   - Provides funding for contracted driver license examiners to augment existing staffing and implement a 60-hour business week model in Districts 3 and 6. The revised net appropriation for professional fees is $3,294,641 in FY 2016-17.

Highway Fund
### Conference Report on the Base, Capital, and Expansion Budget

**6 Tag and Tax Together Program**  
**Fund Code:** 7005  
Continues funding for 44 time-limited positions to support the Tag and Tax Together Program, increasing budgeted receipts by $2,046,995 from the administrative fee authorized in G.S. 105-330.5(b).  

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**7 Medical Review Program**  
**Fund Code:** 7050  
Increases funding for the Medical Review Program for contracted medical reviews. The revised net appropriation for the Commissioner’s Office is $16,986,832 in FY 2016-17.

### Intermodal

**8 Ferry System Modernization**  
**Fund Code:** 7626  
Establishes recurring funding for a new system-wide reserve account for the replacement of ferry vessels and provides $6.0 million of nonrecurring funding to initiate passenger-only service between Hatteras and Coroacue, for capital improvements to the North Carolina State Shipyard, and for the reconstruction or rehabilitation of terminal ramp, gantry, and bulkhead infrastructure. The revised net appropriation for Ferry Operations is $46,316,905 in FY 2016-17.

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**9 Public Transportation - Rural Operating Assistance Program**  
**Fund Code:** 7831  
Increases funding for rural transit system operating assistance. The revised net appropriation for the Rural Operating Assistance Program (ROAP) is $16,807,528 in FY 2016-17.

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**10 Public Transportation - State Maintenance Assistance Program**  
**Fund Code:** 7831  
Increases funding for urban transit system operating assistance. The revised net appropriation for the State Maintenance Assistance Program (SMAP) is $32,523,557 in FY 2016-17.

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<tbody>
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**11 Rail - Freight Rail & Rail Crossing Safety Improvement Fund**  
**Fund Code:** 7829  
Increases funding for the Freight Rail & Rail Crossing Safety Improvement Fund by $13.8 million recurring for track improvements, crossing safety, and industrial, port, and military access improvements. The revised net appropriation for the Freight Rail & Rail Crossing Safety Improvement Fund is $17,500,000 in FY 2016-17.

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### Highway Fund

Page K 9

1038
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
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| 12   | Aviation - State Aid to Airports  
**Fund Code:** 7830  
Increases funding for grants-in-aid for general aviation airport development. The revised net appropriation for the Airports Program is $46,517,417 in FY 2016-17. | $14,917,417 R |
| 13   | Reserve for General Maintenance  
**Fund Code:** 0934  
Consolidates funding for roadway maintenance within the Reserve for General Maintenance based on the transfer of funds from the Primary Maintenance account and the Secondary Road Maintenance and Improvement Fund. Through collaboration with the 14 highway division engineers, the Department shall develop new guidelines and procedures to allocate funds within this reserve account for maintenance on primary and secondary roads. The intent is to give greater discretion to the 14 highway division engineers to manage their budgets more effectively and efficiently. Transferred funds are also reduced by $7,785,910. The revised net appropriation for the Reserve for General Maintenance is $467,583,999 in FY 2016-17. | $412,083,149 R |
| 14   | Secondary Road Maintenance and Improvement Fund  
**Fund Code:** 7822  
Consolidates the funding from three maintenance accounts into one fund. The intent is to give greater discretion to the 14 highway division engineers to manage their budgets more effectively and efficiently. Funds in the Secondary Maintenance and Improvement Fund are transferred to the Reserve for General Maintenance (Fund Code 0934). The revised net appropriation for the Secondary Maintenance and Improvement Fund is $0 in FY 2016-17. | ($285,289,910) R |
| 15   | Primary Maintenance  
**Fund Code:** 7621  
Consolidates the funding from three maintenance accounts into one fund. The intent is to give greater discretion to the 14 highway division engineers to manage their budgets more effectively and efficiently. Funds in the Primary Maintenance account are transferred to the Reserve for General Maintenance (Fund Code 0934). The revised net appropriation for Primary Maintenance is $0 in FY 2016-17. | ($135,479,149) R |
| 16   | Bridge Program (Statutory Adjustment)  
**Fund Code:** 7839  
Adjusts funding for the Bridge Program based on the revised revenue forecast. The program receives the balance of funds generated from the gasoline inspection fee after deducting expenses for the Department of Revenue for collecting the tax and expenses for the Department of Agriculture and Consumer Services for fuel inspection. The revised net appropriation for the Bridge Program is $242,374,444 in FY 2016-17. | $300,000 R |

### Highway Fund  

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Conference Report on the Base, Capital, and Expansion Budget

Reserves

17 Compensation Increase Reserve

Fund Code: NA

Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

The approximate revised net appropriation for Highway Fund-supported positions is $312.3 million for FY 2016-17.

18 Compensation Bonus Reserve

Fund Code: NA

Provides funding for one-time merit-based bonuses for State employees. The Office of State Human Resources shall develop policies for the allocation of merit-based bonuses. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

The approximate revised net appropriation for Highway Fund-supported positions is $312.3 million for FY 2016-17.

19 State Retirement Contributions

Fund Code: NA

Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost-of-living supplement to retirees.

The approximate revised net appropriation for Highway Fund-supported members of TSERS is $46.8 million for FY 2016-17.

20 Severance Reserve

Fund Code: NA

Establishes a severance reserve for employees affected by the DOT reorganization plan whose salaries are supported by the Highway Fund Administration account or the Highway Trust Fund Administration account.

Revenue Availability

21 Registration Fees

Fund Code: NA

Reduces Highway Fund revenue from registration fees by $220,000 based on permanent plate eligibility for public transportation service providers.
### Transfers

#### 22 Continuation Review Reserve

**Fund Code**: 1163  
($9,094,578) R

Eliminates the $9.7 million reserve for appropriated transfers and the $29.4 million reserve for potential revenue established by S.L. 2015-241, Sec. 8.20 in FY 2016-17.

Revenues are restored to the following programs based on the results of Continuation Reviews:
- DEQ - Commercial Leaking Petroleum Underground Storage Tank Cleanup Fund
- DEQ - Division of Air Quality Inspection and Maintenance Fees
- DEQ - Division of Air Quality Water and Air Quality Account
- DEQ - Mercury Pollution Prevention Account
- DOI - Rescue Squad Workers' Relief Fund
- DOI - Volunteer Rescue/EMG Grant Program
- WRC - Boating Account

#### 23 Department of Insurance - State Fire Protection Grant Fund

**Fund Code**: 0878  
$158,000 NR

Restores the transfer to the Department of Insurance, State Fire Protection Grant Fund in FY 2015-17. The revised net appropriation for the State Fire Protection Grant Fund is $158,000 in FY 2016-17.

#### 24 Department of Public Safety - Inmate Litter Collection & Road Cleanup

**Fund Code**: 0534  
$9,040,000 NR

Restores funding in FY 2016-17 for inmate road squads and litter crews provided under the supervision of the Department of Public Safety within the Reserve for General Maintenance per the consolidation of Highway Fund maintenance accounts. The revised net appropriation for these activities is $9,040,000 in FY 2016-17.

#### 25 Office of State Controller - Best Shared Services

**Fund Code**: 0603  
$486,578 R

Restores recurring funding to the Office of State Controller for 7.24 full-time equivalent positions which support human resources and payroll operations. The revised net appropriation for transfer to the Office of State Controller - BEST Shared Services is $486,578 in FY 2016-17.

### Total Legislative Changes

$33,406,188 R

### Total Position Changes

$25,662,663 NR

### Revised Budget

$2,046,690,000

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Highway Fund  
Page K 12
## Department of Transportation
### Budget Code 84290

### Highway Trust Fund Budget

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## Conference Report on the Base, Capital, and Expansion Budget

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#### Legislative Changes

**Construction**

20 Strategic Transportation Investments  
Fund Code: 9075  
$32,045,000  
Revised net appropriation is $1,225,802,958 in FY 2016-17.

**Revenue Availability**

27 Certificate of Title Fees  
Fund Code: N/A  
Eliminates the transfer of $0.50 of the fee collected per certificate of title transaction to the Mercury Switch Removal Account in the Department of Environmental Quality, increasing Highway Trust Fund revenue by $1.2 million.

| Total Legislative Changes | $32,045,000  
| Total Position Changes   |          |
| Revised Budget           | $1,371,280,000 |
Reserves, Debt Service, and Other Adjustments
Section L
Statewide Reserves  
Budget Code Multiple  

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# Summary of General Fund Appropriations

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**2016 Legislative Session**

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<td>0006</td>
<td>OSIFH Nextman of Mental</td>
<td>12,000,000</td>
<td>-</td>
<td>12,000,000</td>
<td>(12,000,000)</td>
</tr>
<tr>
<td>0013</td>
<td>Job Development Grant Fund (JDFG)</td>
<td>71,738,126</td>
<td>-</td>
<td>71,738,126</td>
<td>(10,000,000)</td>
</tr>
<tr>
<td>0044</td>
<td>Information Technology Fund &amp; Reserve</td>
<td>40,000,000</td>
<td>-</td>
<td>40,000,000</td>
<td>(40,000,000)</td>
</tr>
<tr>
<td>0055</td>
<td>One North Carolina Fund</td>
<td>10,000,000</td>
<td>-</td>
<td>10,000,000</td>
<td>(417,859)</td>
</tr>
<tr>
<td>0058</td>
<td>Pending Legislation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0054</td>
<td>Reserve for Pensions Benefits Reserves</td>
<td>71,000,000</td>
<td>-</td>
<td>71,000,000</td>
<td>(587,351)</td>
</tr>
<tr>
<td>0080</td>
<td>UHC System Enrollment Growth Reserve</td>
<td>5,000,000</td>
<td>-</td>
<td>5,000,000</td>
<td>(5,000,000)</td>
</tr>
<tr>
<td>0081</td>
<td>Public Schools 421</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>0082</td>
<td>Film and Entertainment Grant Fund</td>
<td>30,000,000</td>
<td>-</td>
<td>30,000,000</td>
<td>-</td>
</tr>
<tr>
<td>0083</td>
<td>State Emergency &amp; Disaster Relief Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>0425</td>
<td>Debt Service - Federal</td>
<td>1,616,135</td>
<td>-</td>
<td>1,616,135</td>
<td>39,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,123,696,981</td>
<td>-</td>
<td>1,123,696,981</td>
<td>(125,733,729)</td>
<td>-</td>
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</table>

Statewide Reserves  
Page L2
## Summary of General Fund Total Requirement FTE

**Fiscal Year 2016-17**

**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Statewide Reserves</th>
<th>Budget Code</th>
<th>Budget Name</th>
<th>Budget Code</th>
<th>Budget Name</th>
<th>Budget Code</th>
<th>Budget Name</th>
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<tbody>
<tr>
<td></td>
<td>19001</td>
<td>Contingency and Emergency</td>
<td>19003</td>
<td>Compensation Increase Reserve</td>
<td>19004</td>
<td>Salary Adjustment Fund</td>
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<tr>
<td></td>
<td>19005</td>
<td>OSHR Minimum of Market</td>
<td>19013</td>
<td>Job Development Grant Fund (JDIG)</td>
<td>19044</td>
<td>Information Technology Fund &amp; Reserve</td>
</tr>
<tr>
<td></td>
<td>19048</td>
<td>Workers Compensation Reserve</td>
<td>19063</td>
<td>One North Carolina Fund</td>
<td>19064</td>
<td>Reserve for Future Benefit Needs</td>
</tr>
<tr>
<td></td>
<td>19068</td>
<td>Pending Legislation</td>
<td>19069</td>
<td>UNC System Enrollment Growth Reserve</td>
<td>19081</td>
<td>Public Schools ADM</td>
</tr>
<tr>
<td></td>
<td>19082</td>
<td>Film and Entertainment Grant Fund</td>
<td>19930</td>
<td>State Emergency &amp; Disaster Relief Fund</td>
<td>19420</td>
<td>Debt Service - General Fund</td>
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<td></td>
<td>19425</td>
<td>Debt Service - Federal</td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
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</table>
Conference Report on the Base, Capital, and Expansion Budget

Statewide Reserves

<table>
<thead>
<tr>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 16-17</td>
</tr>
<tr>
<td>$1,129,986,981</td>
</tr>
</tbody>
</table>

**Legislative Changes**

A. Base Budget Adjustments

1. **Public Schools Average Daily Membership (ADM)**
   - **Budget Code:** 19091
   - **Amount:** ($107,000,000) R
   - **Description:** Eliminates the ADM Reserve. Funding for increased ADM in FY 2016-17 is provided in the Department of Public Instruction budget in the Education section of the Committee Report. The revised net appropriation for the Public Schools ADM Reserve is $0 for FY 2016-17.

2. **University of North Carolina (UNC) System Enrollment Growth Reserve**
   - **Budget Code:** 19090
   - **Amount:** ($31,000,000) R
   - **Description:** Eliminates the UNC System Enrollment Growth Reserve. Funding for projected enrollment growth is provided in the UNC System budget in the Education section of the Committee Report. The revised net appropriation for the UNC System Enrollment Growth Reserve is $0 for FY 2016-17.

B. Employee Salaries and Benefits

3. **Reserve for Future Benefit Needs**
   - **Budget Code:** 19064
   - **Amount:** ($667,331) R
   - **Description:** Reduces the General Fund Reserve for Future Benefit Needs to the amount needed to implement the contribution rates in Section 36, 20(b). The revised net appropriation for Reserve for Future Benefit Needs is $70.1 million for FY 2016-17.

4. **Compensation Bonus Reserve - Executive Branch**
   - **Budget Code:** 19003
   - **Amount:** $26,103,159 NR
   - **Description:** Provides funding for one-time merit-based bonuses for Executive Branch State employees. The State Human Resources Commission shall develop policies for the allocation of merit-based bonuses for State agency employees. Merit-based bonuses provided by employing agencies shall not be considered compensation for retirement purposes. Corresponding special provisions provide additional details on these compensation adjustments.

   For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $390 million.

Statewide Reserves
Conference Report on the Base, Capital, and Expansion Budget

5 Minimum of Market Adjustment Reserve
Budget Code: 19009

($12,000,000) R

Eliminates the funding to the Office of State Human Resources for the Minimum of Market Adjustment Reserve. The funds within this reserve were incorporated into the Compensation Increase Reserve for FY 2016-17. The revised net appropriation for the Minimum of Market Reserve in FY 2016-17 is 0.

C. Other Reserves

6 Pending Legislation
Budget Code: 19009

$1,000,000 R

Provides funds for pending legislation such as H.B. 1080, Achievement School District, H.B. 905, Measurability Assessments, and S.B. 124, Assumed Bus. Name/IC Contempt/Parks. The revised net appropriation for the Pending Legislation Reserve is $1.2 million.

7 State Emergency Response and Disaster Relief Fund
Budget Code: 19030

$10,000,000 NR

Provides funds for emergencies and disasters as specified in G.S. 168A-19.42. The revised net appropriation for the State Emergency Response and Disaster Relief Fund in FY 2016-17 is $10 million.

8 Job Development Investment Grant (JDIG) Reserve
Budget Code: 19013

($10,000,000) NR

Adjusts funding in the JDIG Reserve to reflect projected spending needs based on anticipated payouts of awarded grants. The revised net appropriation for JDIG in FY 2016-17 is $61,729,126.

9 One North Carolina Fund
Budget Code: 19003

($5417,883) NR

Adjusts funding to reflect projected spending needs based on anticipated performance of grantees. The revised net appropriation for the One North Carolina Fund in FY 2016-17 is $8,582,117.

10 Information Technology (IT) Fund Transfer
Budget Code: 19044

($21,681,854) R

Eliminates the IT Fund and transfers the funds traditionally appropriated to the IT Fund to the Department of Information Technology’s (DIT) General Fund budget code 14660. The revised net appropriation for the IT Fund in Statewide Reserves in FY 2016-17 is 0.

11 Information Technology (IT) Reserve Transfer
Budget Code: 19044

($21,320,643) R

Eliminates the IT Reserve and transfers the funds traditionally appropriated to the IT Reserve to the DIT General Fund budget code 14660. The revised net appropriation for the IT Fund previously budgeted in Statewide Reserves is 0 for FY 2016-17.

Statewide Reserves
Conference Report on the Base, Capital, and Expansion Budget

D. Debt Service

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Federal Reimbursement Adjustment</td>
<td>FY 16-17</td>
<td>$36,000,000</td>
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<tr>
<td></td>
<td>Budget Code: 19425</td>
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</tr>
<tr>
<td></td>
<td>Provides funds to repay in its entirety the debt owed to the federal government for the Wilmington Harbor Navigation 96 Act Project. Any excess funds remaining after paying off the debt shall revert to the General Fund. The revised net appropriation for this debt in FY 2016-17 is $36 million.</td>
<td></td>
</tr>
<tr>
<td>13 Debt Service Adjustment</td>
<td></td>
<td>$1,253,023</td>
</tr>
<tr>
<td></td>
<td>Budget Code: 19420</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increases General Fund debt service funding to pay increased costs anticipated for the Connect NC bond. The revised net appropriation for debt service in FY 2016-17 is $703,102,236.</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Legislative Changes</td>
<td>($191,617,005)</td>
<td>R</td>
</tr>
<tr>
<td>Total Position Changes</td>
<td>$65,695,276</td>
<td>NR</td>
</tr>
<tr>
<td>Revised Budget</td>
<td>$1,003,965,232</td>
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</table>

Statewide Reserves

Page L 6
Capital
Section M
## General Fund Supported Capital Improvements
### Budget Code 19600

<table>
<thead>
<tr>
<th>Capital Fund Budget</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$12,175,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$6,087,500</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$6,087,500</td>
</tr>
<tr>
<td><strong>Legislative Changes</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$74,787,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$54,802,000</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$19,985,000</td>
</tr>
<tr>
<td><strong>Revised Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td>$86,962,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$60,889,500</td>
</tr>
<tr>
<td>Net Appropriation</td>
<td>$26,072,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Fund FTE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Budget</td>
<td>0.00</td>
</tr>
<tr>
<td>Legislative Changes</td>
<td>0.00</td>
</tr>
<tr>
<td>Revised Budget</td>
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</tbody>
</table>
## Summary of Capital Improvement Appropriations
### Fiscal Year 2016-17
#### 2016 Legislative Session

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Estimated Budget</th>
<th>Legislative Change</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Department of Public Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Guard Armories</td>
<td>11,175,000</td>
<td>6,987,500</td>
<td>5,187,500</td>
</tr>
<tr>
<td></td>
<td>Joint Powers HTed Planning</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Carter Buffalo Land Buffer</td>
<td>-</td>
<td></td>
<td>660,000</td>
</tr>
<tr>
<td></td>
<td>Valleymount Readiness Center Supplement</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>University of North Carolina University</td>
<td>1,000,000</td>
<td>2,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>NC State University - Asheville Land Purchase</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Western Medical System</td>
<td>-</td>
<td></td>
<td>6,000,000</td>
</tr>
<tr>
<td></td>
<td>Department of Agriculture and Consumer Services</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NCSU Engineering Building Planning</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>U of N Carolina - Asheville Land Purchase</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Environmental Quality</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Water Resources Development Projects</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>12,175,000</td>
<td>6,987,500</td>
<td>5,187,500</td>
</tr>
</tbody>
</table>

Note: The table details the estimated budget, legislative change, and revised budget for various projects and departments. The total reflects a combined budget of $12,175,000.
Conference Report on the Base, Capital, and Expansion Budget

Capital

<table>
<thead>
<tr>
<th>Legislative Changes</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Department of Agriculture and Consumer Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 DuPont State Recreational Forest</td>
<td>$3,000,000</td>
<td>NR</td>
</tr>
<tr>
<td>Fund Code: 19600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds for improved bathroom facilities, utility improvements, and parking lot improvements for the DuPont State Recreational Forest. The revised net appropriation for this item is $3.0 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Horse Stables</td>
<td>$165,000</td>
<td>NR</td>
</tr>
<tr>
<td>Fund Code: 19600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds to the Department of Agriculture and Consumer Services to build horse stables at the Southeastern North Carolina Agricultural Events Center. The revised net appropriation for horse stables is $165,000.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B. Department of Environmental Quality</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Water Resources Development Projects</td>
<td>$6,270,000</td>
<td>NR</td>
</tr>
<tr>
<td>Fund Code: 19600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds for the State's share of Water Resources Development Projects. State Funds will match $35.1 million in federal funds and $5.4 million in local funds. The Department will also utilize $6.5 million in carry-forward funds. The revised net appropriation for Water Resources Development Projects is $6.3 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>C. Department of Public Safety</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Armory Facility and Development Projects</td>
<td>($69,000)</td>
<td>NR</td>
</tr>
<tr>
<td>Fund Code: 19600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduces funding to the National Guard Armories and Facilities projects by $69,000. The funding reduction shall be applied equally to the Elizabeth City and Jacksonville Armory Projects. The revised net appropriation for National Guard Armory and Facility Development Projects is $5.0 million.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 North Carolina National Guard Helipad Planning</td>
<td>$59,000</td>
<td>NR</td>
</tr>
<tr>
<td>Fund Code: 19600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides funds to plan helipads at the Joint Forces Headquarters in Raleigh, NC. The total cost of the project, once constructed, is expected to be $746,000. The revised net appropriations for helipad planning is $59,000.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Conference Report on the Base, Capital, and Expansion Budget

<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Fund Code</th>
<th>FY 16-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Camp Butner Land Buffer</td>
<td>19600</td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Note</strong>: Provides funds to purchase land adjacent to Camp Butner in order to provide enhanced buffer zones related to firing ranges. The revised net appropriation for land purchases at Camp Butner is $250,000.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Wilkes County Armory Supplement</td>
<td>19600</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>Note</strong>: Provides funds for the North Wilkesboro Armory project to supplement funds authorized by the Connect NC Bond (S.L. 2015-200) in order to construct a road to the facility. The project will build a new National Guard Readiness Center in Wilkes County. The revised net appropriation, inclusive of indebtedness, is $59.3 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>D. University of North Carolina</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>University of North Carolina-Ashville Land Purchase</td>
<td>19600</td>
<td>$2,000,000</td>
</tr>
<tr>
<td><strong>Note</strong>: Provides funds to reimburse the University of North Carolina - Asheville (UNC-A) Foundation for land acquisition near the campus. The revised net appropriation for land acquisition reimbursement to the UNC-A Foundation is $2.0 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Western School of Medicine/UNC School of Medicine</td>
<td>19600</td>
<td>$8,000,000</td>
</tr>
<tr>
<td><strong>Note</strong>: Provides funds to construct a new facility on the Mountain Area Health Education Center’s campus in Biltmore Forest. The facility will provide classroom, office, and clinical space related to the expansion of programs for medical residencies, public health education, and medical student training. The facility will be up to 35,000 square feet and include additional parking facilities. The revised net appropriation to the Western School of Medicine facility is $8.0 million.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Appropriation to Capital</strong></td>
<td></td>
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<td>$28,072,500</td>
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**Capital**
## Receipt Supported Capital Improvements
### Budget Code N/A

### Capital Fund Budget

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<td><strong>Enacted Budget</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$5,440,000</td>
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<td>Receipts</td>
<td>$5,440,000</td>
</tr>
<tr>
<td><strong>Net Appropriation</strong></td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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</tr>
<tr>
<td>Requirements</td>
<td>$2,057,000</td>
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<td><strong>Revised Budget</strong></td>
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<tr>
<td>Requirements</td>
<td>$7,497,000</td>
</tr>
<tr>
<td>Receipts</td>
<td>$7,497,000</td>
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<tr>
<td><strong>Net Appropriation</strong></td>
<td>$0</td>
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### Capital Fund FTE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Enacted Budget</strong></td>
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<tr>
<td><strong>Legislative Changes</strong></td>
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</tr>
<tr>
<td><strong>Revised Budget</strong></td>
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</tbody>
</table>
## Summary of Capital Improvement Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

<table>
<thead>
<tr>
<th>Fund Code</th>
<th>Fund Name</th>
<th>Estimated Budget</th>
<th>Legislative Changes</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Department of Natural and Cultural Resources</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Fort Fisher Aquarium State Park</td>
<td>990,000</td>
<td>-</td>
<td>500,000</td>
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<tr>
<td></td>
<td>Wildlife Resources Commission</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Building Access New Construction</td>
<td>3,750,000</td>
<td>-</td>
<td>3,750,000</td>
</tr>
<tr>
<td></td>
<td>Land Acquisition</td>
<td>990,000</td>
<td>-</td>
<td>990,000</td>
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<tr>
<td></td>
<td>Fishing Access Construction</td>
<td>200,000</td>
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<td>200,000</td>
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<tr>
<td></td>
<td>Dept. of Public Safety</td>
<td>-</td>
<td>-</td>
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Information Technology
Section N
### Department of Information Technology
#### Budget Code 14660

#### General Fund Budget

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## Summary of General Fund Appropriations

**Fiscal Year 2016-17**  
**2016 Legislative Session**

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### Legislative Changes

#### Reserve for Salaries and Benefits

1. **Compensation Increase Reserve**
   - **Fund Code:** N/A
   - **Appropriation:** $167,695 R
   - **Previous Appropriation:** $55,898 NR

   Provides a 1.5% annual recurring salary increase and a 0.5% nonrecurring bonus for permanent full-time State employees. Corresponding special provisions provide additional details on these compensation adjustments.

   For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for salaries is $11.4 billion, an increase of over $350 million for FY 2016-17.

2. **State Retirement Contributions**
   - **Fund Code:** N/A
   - **Appropriation:** $26,056 R
   - **Previous Appropriation:** $42,983 NR

   Increases the State’s contribution for members of the Teachers’ and State Employees’ Retirement System (TSERS) to fund the actuarially determined contribution and provide a 1.5% one-time cost of living supplement to retirees.

   For all net appropriation supported State-funded positions, across all sections of the Committee Report, the approximate revised net appropriation for members of TSERS is $1.6 billion, an increase of $79.0 million for FY 2016-17.

#### Reserves & Transfers

3. **IT Fund Budget Transfer**
   - **Fund Code:** 9990
   - **Appropriation:** $21,681,854 R
   - **Previous Appropriation:** 95.75

   Transfers the IT Fund net appropriation from the Statewide Reserves section of the budget to a reserve in budget code 14690, the Department of Information Technology’s (DIT) General Fund budget code. A corresponding provision directs the Office of State Budget and Management to properly certify the IT Fund into 14690 by September 30, 2016. This transfer does not change total net appropriations to the IT Fund. The revised net appropriation for the IT Fund is $21,681,854.
Conference Report on the Base, Capital, and Expansion Budget

4 IT Reserve Budget Transfer

**Fund Code:** 1900

Transfers the IT Reserve net appropriation from the Statewide Reserves section of the budget to a reserve in DIT's General Fund budget code. A corresponding provision directs the Office of State Budget and Management to properly certify the IT Reserve as a transfer to budget code 24897 in budget code 14990 by September 30, 2016. This transfer does not change total net appropriations to the IT Reserve. The revised net appropriation to the IT Reserve is $21,320,843.

5 IT Fund: Vacant Positions

**Fund Code:** 1900

Eliminates the following 5 positions within DIT's IT Fund:

65222415 IT Planning Analyst (1 FTE)
65222416 IT Planning Analyst (1 FTE)
65230330 IT Business Systems Analyst (1 FTE)
65230331 IT Business Systems Analyst (1 FTE)
65206668 IT Business Systems Analyst (1 FTE)

This reduction eliminates the net appropriation for the salaries and benefits of these positions. The revised net appropriation for the IT Fund following this reduction is $21,113,344.

6 IT Reserve: Vacant Positions

**Fund Code:** 1900

Eliminates 4.5 positions within DIT's IT Reserve.

65222530 Information Technology Manager (0.5 FTE)
65200710 IT Project Manager (1 FTE)
65067247 Personnel Analyst (1 FTE)
65000719 IT Project Manager (1 FTE)
65069152 IT Project Manager (1 FTE)

This reduction eliminates the net appropriation for the salaries and benefits of these positions. The position half-funded with Internal Service Fund receipts may be fully shifted to those receipt if funds are available within the Internal Services Fund. These positions are budgeted in the IT Reserve special fund and the reduction in positions is shown in special fund 24897. The revised net appropriation for the IT Reserve from this reduction is $20,812,690.
Conference Report on the Base, Capital, and Expansion Budget

7 IT Fund: SAS Memex Data Analysis Tool
   Fund Code: 1990
   Provides funds for State Bureau of Investigation's (SBI) fusion center licensees for the SAS Memex data analysis and case management tool. The Memex case module provides a single way of operating multiple applications and accelerates the movement of appropriate data into SBI's fusion center. Access to Memex will improve State and local law enforcements' ability to detect and predict crime trends, and to solve crimes. An additional $100,000 in nonrecurring funds required for the implementation of this tool are provided using the cash balance in DIT's IT Fund/Reserve special fund. The revised net appropriation for the SAS Memex Data Analysis Tool is $500,000; the revised net appropriation in the IT Fund for the Government Data Analytics Center (GDAC) is $9,601,255.

8 IT Fund: Security Risk Management Tool
   Fund Code: 1990
   Provides funds to the Network Simplification Program to develop an enterprise security risk management (SRM) tool. The SRM tool will allow DIT to perform reviews of network security devices and ensure compliance with State security policies. An additional $400,000 in nonrecurring funds required for the purchase and development of this tool are provided using the cash balance in DIT's IT Fund/Reserve special fund. The revised net appropriation for Enterprise Security Risk Management is $1,321,467.

9 IT Fund: P-20 SchoolWorks System
   Fund Code: 1990
   Provides $270,000 to DIT's GDAC to maintain the P-20 SchoolWorks System. This system, along with the Common Follow-up System, is used to track performance measures related to current and former participants in State job training, education, and placement programs, as well as to maintain the statewide student longitudinal database. The revised net appropriation for the P-20 SchoolWorks System is $270,000.

10 IT Fund: Common Follow-up System
   Fund Code: 1990
   Provides $190,000 to maintain the Common Follow-up System within the IT Fund's GDAC. This system, along with the P-20 SchoolWorks System, is used to track performance measures related to current and former participants in State job training, education, and placement programs, as well as to maintain the statewide student longitudinal database. The revised net appropriation for the Common Follow-up System is $190,000.

Information Technology
Conference Report on the Base, Capital, and Expansion Budget

11 IT Fund: Address NC Database
Fund Code: 1990
Provides funds to support the Address NC Database which will improve address data management for State and local governments. A separate item instructs the Department to use its cash balance to fund the nonrecurring obligations in FY 2016-17. The revised net appropriation for the database is $700,000.

12 IT Reserve: e-Forms & Digital Signatures
Fund Code: 1990
Reduces the net appropriation available for e-Forms & Digital Signatures (Fund 2200) within the IT Reserve. The revised net appropriation for e-Forms & Digital Signatures is $436,000.

13 IT Fund: Cybersecurity Apprenticeship Program
Fund Code: 1990
Establishes a new cybersecurity apprenticeship program for disabled veterans within DIT. The program will train disabled veterans in cybersecurity governance for 2 years. Participants will work toward their Certified Information Systems Security Professional (CISSP) designation during the program. A special provision directs DIT to move the program to the internal service fund in FY 2017-18. The revised net appropriation for the apprenticeship program is $500,000.

14 IT Reserve: IT Restructuring
Fund Code: 1990
Reduces the net appropriation available for IT Restructuring (Fund 2203) within the IT Reserve by $500,000 on a nonrecurring basis. The revised net appropriation for IT restructuring following this adjustment is $2,479,912 in FY 2016-17.

15 IT Fund: Enterprise Resource Planning (ERP) System
Fund Code: 1990
Provides funds for the Staffing and Strategic Projects fund within DIT to aid in the planning and development of a new ERP system for the State. A separate item allows the Department to use $500,000 of its cash balance to fund the planning and development of a new statewide ERP system. With this increase, the revised net appropriation for the Staffing and Strategic Projects fund is $7,986,461.

Total Legislative Changes
$43,190,048 R
$88,881 NR
Total Position Changes
9075
Revised Budget
$432,297,829

Information Technology

Page 17
IT/IT Reserve Fund

FY 2016-17

Beginning Unreserved Fund Balance: $32,129,663

Recommended Budget

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Legislative Changes

Requirements:

IT Fund Budget Transfer
Eliminates the special fund budget for the IT Fund. The IT Fund budget will be itemized in 14670, DIT's General Fund budget code. ($21,681,854) R

IT Reserve Budget Adjustment
Adjusts the IT Reserve budget to reflect changes in net appropriations made to the IT Reserve in budget code 14650. The revised net appropriation for the IT Reserve that will be transferred to the 24657 special fund is $20,100,700. ($594,048) R

Rate and Subscription Fee Credit
Uses $7.3 million of DIT's cash balance to provide credits to certain State agencies associated with increased charges resulting from telephone and computer rate increases and subscription fee increases in FY 2015-16. A corresponding special provision provides additional information on the credit and affected State agencies. ($7,347,327) R

SAS Memex Data Analysis Tool
Provides nonrecurring funds for the SBI's fusion center access to SAS's Memex data analysis and case management tool. $100,000 R

Security Risk Management Tool
Provides $400,000 from DIT's cash balance to fund nonrecurring needs associated with the development of an enterprise security risk management tool. $400,000 R

Information Technology
 Conference Report on the Base, Capital, and Expansion Budget

**FY 2016-17**

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<th>Enterprise Resource Planning (ERP) System Planning and Design</th>
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<td>Authorizes DIT to use $500,000 of existing cash balance to begin the planning of an ERP system. With these funds, DIT, in coordination with other State agencies, will begin a review of business processes to understand the State’s ERP needs.</td>
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<td>Uses $520,000 of DIT’s cash balance to fund the non-recurring obligations of the Address NC Database.</td>
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**Subtotal Legislative Changes**

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<td>Adjusts the IT Reserve budget to reflect charges in net appropriations made to the IT Reserve in budget code 14690. The revised net appropriation for the IT Reserve that will be transferred to the 24967 special fund is $20,116,795.</td>
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**Subtotal Legislative Changes**

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"Ratified Number" refers to the Session Law number except when preceded by an R, in which case it refers to the Resolution number. Extra Session legislation is identified by an asterisk (*).

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