

- 1 (1) Appropriation. – An enactment by the General Assembly authorizing
2 the withdrawal of money from the State treasury. An enactment by the
3 General Assembly that authorizes, specifies, or otherwise provides that
4 funds may be used for a particular purpose is not an appropriation.
- 5 (2) Biennium. – The two fiscal years beginning on July 1 of each
6 odd-numbered year and ending on June 30 of the next odd-numbered
7 year.
- 8 (3) Budget. – A plan to provide and spend money for specified programs,
9 functions, activities, or objects during a fiscal year.
- 10 (4) Budget year. – The fiscal year for which a budget is proposed and
11 enacted.
- 12 (5) Capital Improvement. – A term that includes real property acquisition,
13 new construction, or rehabilitation of existing facilities, and repairs
14 and renovations.
- 15 (6) Capital Improvements Appropriations Act. – An act of the General
16 Assembly containing appropriations for one or more capital
17 improvement projects.
- 18 (7) Certified budget. – The budget as enacted by the General Assembly
19 including adjustments made for (i) distributions to State agencies from
20 statewide reserves appropriated by the General Assembly, (ii)
21 distributions of reserves appropriated to a specific agency by the
22 General Assembly, and (iii) organizational or budget changes directed
23 by the General Assembly but left to the Director to carry out.
- 24 (8) Controller. – The Office of the State Controller.
- 25 (9) Current Operations Appropriations Act. – An act of the General
26 Assembly estimating revenue availability for and appropriating money
27 for the current operations of State government during one or more
28 budget years.
- 29 (10) Departmental receipt. – Fees, licenses, federal funds, grants, fines,
30 penalties, and other similar collections or credits generated by State
31 agencies in the course of performing their governmental functions that
32 are applied to the cost of a program administered by the State agency
33 or transferred to the Civil Penalty and Forfeiture Fund pursuant to
34 G.S. 115C-457.1, and that are not defined as tax proceeds or nontax
35 revenues. Departmental receipts may include moneys transferred into a
36 fiscal year from a prior fiscal year.
- 37 (11) Director. – The Director of the Budget, who is the Governor.
- 38 (12) Encumbrance. – A financial obligation created by a purchase order,
39 contract, salary commitment, unearned or prepaid collections for
40 services provided by the State, or other legally binding agreement.
- 41 (13) Fiscal period. – A fiscal biennium beginning in odd-numbered years or
42 the first or second fiscal year within a fiscal biennium.
- 43 (14) Fiscal year. – The annual period beginning July 1 and ending on the
44 following June 30.

- 1 (15) Fund. – A fiscal and accounting entity with a self-balancing set of
2 accounts recording cash and other resources, together with all related
3 liabilities and residual equities or balances, and changes therein, for
4 the purpose of carrying on stated programs, activities, and objectives
5 of State government.
- 6 (16) General Fund Operating Budget. – The sum of all appropriations from
7 the General Fund for a fiscal year, except appropriations for (i) capital
8 improvements, including repairs and renovations, and (ii) one-time
9 expenditures due to natural disasters or other emergencies shall not be
10 included.
- 11 (17) Information technology. – As defined in G.S. 147-33.81(2).
- 12 (18) Non-State entity. – Any of the following who is not a State agency: an
13 individual, a firm, a partnership, an association, a corporation, or any
14 other organization or group acting as a unit. The term includes a unit
15 of local government.
- 16 (19) Nontax revenue. – Revenue that is not a tax proceeds and that is
17 required by statute to be credited to the General Fund.
- 18 (20) Object or line item. – An expenditure or receipt in a recommended or
19 enacted budget that is designated in the Budget Code Structure of the
20 North Carolina Accounting System Uniform Chart of Accounts
21 prescribed by the Office of the State Controller.
- 22 (21) Performance information. – Measures and comparisons of program
23 efficiency, effectiveness, outcome, or impact generally presented in
24 quantitative terms and compared to best practices or benchmarks.
- 25 (22) Purpose or program. – A group of objects or line items for support of a
26 specific activity outlined in a recommended or enacted budget that is
27 designated by a nine-digit fund code in accordance with the Budget
28 Code Structure of the North Carolina Accounting System Uniform
29 Chart of Accounts prescribed by the Office of the State Controller.
- 30 (23) State agency. – A unit of the executive, legislative, or judicial branch
31 of State government, such as a department, a commission, a board, a
32 council, or The University of North Carolina. The term does not
33 include a unit of local government.
- 34 (24) State funds. – Any moneys deposited in the State treasury except
35 moneys deposited in a trust fund or agency fund as described in
36 G.S. 143C-1-3.
- 37 (25) State resources. – All financial and nonfinancial assets of the State.
- 38 (26) State revenue. – An increase, other than interfund transfers and debt
39 issue proceeds, in the financial assets of any State governmental or
40 proprietary fund.
- 41 (27) Statutory appropriation. – An appropriation that authorizes the
42 withdrawal of funds from the State treasury during fiscal years
43 extending beyond the current fiscal biennium, without further act of
44 the General Assembly.

1 appropriate accounting designation of the State resources, then the Controller shall
2 determine the appropriate designation of the State resources based on the intended use
3 and financial treatment of the State resources as set out in the law establishing the fund
4 or account. The Controller shall determine the fund type of all separate funds and
5 account for them accordingly. The Controller shall keep the total number of funds to the
6 minimum number practical.

7 (c) Notwithstanding subsections (a) and (b) of this section, funds established for
8 The University of North Carolina and its constituent institutions pursuant to
9 G.S. 116-36.1, 116-36.2, and 116-36.5 shall be exempt from Chapter 143C of the
10 General Statutes, except Article 8 of Chapter 143C of the General Statutes, and
11 accounted for in accordance with G.S. 116-36.1, 116-36.2, and 116-36.5.

12 **"§ 143C-1-4. Interest earnings credited to the General Fund; interest earnings on**
13 **Highway Fund and Highway Trust Fund credited to those funds.**

14 (a) Interest Earnings Credited to the General Fund. – Unless otherwise provided
15 by law, interest earned on all funds shall be credited to the General Fund.

16 (b) Exception for Interest Earnings on Highway Fund and Highway Trust Fund. –
17 Interest earned by the Highway Fund and the Highway Trust Fund shall be credited to
18 the Highway Fund and the Highway Trust Fund respectively.

19 "Article 2.

20 "Director of the Budget.

21 **"§ 143C-2-1. Governor is Director of the Budget.**

22 (a) Governor is Director of the Budget. – The Governor is the Director of the
23 Budget. In that capacity, the Governor is required by Article III, Section 5(3) of the
24 North Carolina Constitution to prepare and recommend a budget and to administer the
25 budget as enacted by the General Assembly. The Director may delegate to one or more
26 persons the authority to perform a power or duty of the Director under this Chapter.

27 (b) State Agencies and Non-State Entities to Provide Information Requested by
28 the Director; Examination of Persons and Agencies by Director. – Upon request, all
29 State agencies and non-State entities subject to this act shall furnish the Director, in the
30 form and at the time requested by the Director, any information desired by the Director
31 in relation to their respective activities or fiscal affairs so long as the information is not
32 confidential pursuant to federal or State law. The Director may subpoena and examine
33 under oath any person directly or indirectly responsible for the operations of any State
34 agency or any non-State entity subject to the provisions of this Chapter.

35 (c) Governor May Request State Auditor to Audit State Agency or Non-State
36 Entity Receiving State Funds. – As authorized by G.S. 147-64.6(c)(3), the Governor
37 may request the State Auditor to make an audit of or cause an audit to be made of the
38 books and accounts of any State agency and may require that the cost of the audit be
39 borne by the State agency. The Governor may also request the State Auditor to make an
40 audit of or cause an audit to be made of the books and records of any non-State entity
41 receiving State funds pursuant to the State Auditor's authority granted in G.S. 147-64.7.

42 **"§ 143C-2-2. Collection of State Budget Statistics.**

1 shall include these estimates in the budget the Director submits to the General
2 Assembly. The Director may recommend changes to these estimates in the budget
3 submitted to the General Assembly.

4 **"§ 143C-3-3. Budget requests from State agencies in the executive branch.**

5 (a) General Provisions. – A State agency that is not in the legislative or judicial
6 branch of government shall submit its budget requests for the upcoming fiscal period to
7 the Director in accordance with the schedule prescribed by the Director. The Director
8 shall give each State agency instructions to be used in estimating the funds required to
9 provide necessary State government programs and capital improvements. The estimates
10 shall be itemized in accordance with the accounting classifications adopted by the
11 Controller and shall be approved and certified by the respective head or responsible
12 officer of the agency submitting them.

13 (b) University of North Carolina System Request. – Notwithstanding subsections
14 (c), (d), and (e) of this section, pursuant to G.S. 116-11 the Board of Governors shall
15 prepare a unified budget request for all of public senior higher education, including
16 repairs and renovations, capital fund requests, and information technology.

17 (c) Repairs and Renovations Funds Request. – In addition to any other
18 information requested by the Director, any State agency proposing to repair or renovate
19 an existing facility shall accompany that request with all of the following:

- 20 (1) A description of current deficiencies and proposed corrections with a
21 review and evaluation of that proposal prepared by the Department of
22 Administration.
- 23 (2) An estimate of project costs and cash flow requirements approved by
24 the Department of Administration.
- 25 (3) A certification of project feasibility as described in G.S. 143-341.
- 26 (4) An explanation of the method by which the repair or renovation is to
27 be financed.

28 (d) Capital Funds Request. – In addition to any other information requested by
29 the Director, any State agency proposing to (i) acquire real property, (ii) construct a new
30 facility, (iii) expand the footprint of an existing facility, or (iv) rehabilitate an existing
31 facility to accommodate new or expanded uses shall accompany that request with all of
32 the following:

- 33 (1) An estimate of its space needs and other physical requirements,
34 together with a review and evaluation of that estimate prepared by the
35 Department of Administration.
- 36 (2) An estimate of project costs and cash flow requirements approved by
37 the Department of Administration.
- 38 (3) A certification of project feasibility as described in G.S. 143-341.
- 39 (4) An explanation of the method by which the acquisition, construction,
40 or rehabilitation is to be financed.
- 41 (5) An estimate of maintenance and operating costs, including personnel,
42 for the project, covering the first 10 years of operation.
- 43 (6) An estimate of revenues, if any, to be derived from the project,
44 covering the first five years of operation.

1 This subsection does not apply to requests for State resources for railroad,
2 highway, or bridge construction or renovation.

3 (e) Information Technology Request. – In addition to any other information
4 requested by the Director, any State agency requesting significant State resources, as
5 defined by the Director, for the purpose of acquiring or maintaining information
6 technology shall accompany that request with all of the following:

7 (1) A statement of its needs for information technology and related
8 resources, together with a review and evaluation of that statement
9 prepared by the State Chief Information Officer.

10 (2) A statement setting forth the requirements for State resources, together
11 with an evaluation of those requirements by the State Chief
12 Information Officer that takes into consideration the State's current
13 technology, the opportunities for technology sharing, the requirements
14 of Article 3D of Chapter 147 of the General Statutes, and any other
15 factors relevant to the analysis.

16 (3) A statement by the State Chief Information Officer that sets forth
17 viable alternatives, if any, for meeting the agency needs in an
18 economical and efficient manner.

19 (4) In the case of an acquisition, an explanation of the method by which
20 the acquisition is to be financed.

21 This subsection shall not apply to requests submitted by the General Assembly, the
22 Administrative Office of the Courts, or The University of North Carolina.

23 **"§ 143C-3-4. Budget requests from non-State entities.**

24 Unless otherwise provided by law, budget requests from non-State entities shall be
25 submitted to the Director or to a State agency designated by the Director. A State
26 agency designated to receive a budget request from a non-State entity shall evaluate the
27 request and forward its evaluation to the Director in accordance with procedures
28 established by the Director.

29 **"§ 143C-3-5. Budget recommendations and budget message.**

30 (a) Budget Proposals. – The Governor shall present budget recommendations
31 within 15 business days of the convening of the regular session of the General
32 Assembly in odd-numbered years and within five business days of the convening of the
33 regular session of the General Assembly in even-numbered years, unless a time is
34 otherwise fixed by joint resolution.

35 (b) Odd-Numbered Fiscal Years. – In odd-numbered years the budget
36 recommendations shall include the following components:

37 (1) A Comprehensive Financial Plan setting forth recommended
38 expenditure requirements, funding sources, and performance
39 information for each State government program and for each proposed
40 capital improvement. The Comprehensive Financial Plan may be
41 presented in a format chosen by the Director, except that the
42 Comprehensive Financial Plan shall clearly distinguish program
43 continuation requirements, program reductions, program eliminations,
44 program expansions, and new programs, and shall explain all proposed

1 capital improvements in the context of the Six-Year Capital
2 Improvements Plan and as required by G.S. 143C-8-6.

3 (2) A Budget Support Document showing, for each program in State
4 government, accounting detail corresponding to the Comprehensive
5 Financial Plan.

6 a. The Budget Support Document shall employ the North Carolina
7 Accounting System Uniform Chart of Accounts adopted by the
8 State Controller to show both uses and sources of funds and
9 shall display in separate parallel columns all of the following:
10 (i) actual expenditures and receipts for the most recent fiscal
11 year for which actual information is available, (ii) the certified
12 budget for the preceding fiscal year, (iii) the currently
13 authorized budget for the preceding fiscal year, (iv) program
14 continuation requirements for each fiscal year of the biennium,
15 (v) proposed expenditures and receipts for each fiscal year of
16 the biennium, and (vi) proposed increases and decreases.

17 b. The Budget Support Document shall include detailed
18 information on recommended expenditures for capital
19 improvements as required by G.S. 143C-8-6.

20 c. Revenue and expenditure detail provided in the Budget Support
21 Document shall be no less detailed than the two-digit level in
22 the North Carolina Accounting System Uniform Chart of
23 Accounts as prescribed by the State Controller and shall clearly
24 identify all proposed expenditures supported by existing or
25 proposed appropriations, including statutory appropriations.

26 (3) A Current Operations Appropriation Act that makes appropriations for
27 each fiscal year of the upcoming biennium for the operating expenses
28 of all State agencies as contained in the Comprehensive Financial Plan,
29 together with a Capital Improvements Appropriations Act that
30 authorizes any capital improvements projects.

31 (c) Even-Numbered Fiscal Years. – In even-numbered years, the Governor may
32 recommend changes in the enacted budget for the second year of the biennium. These
33 recommendations shall be presented as amendments to the Comprehensive Financial
34 Plan and shall be incorporated in a recommended Current Operations Appropriation Act
35 and a recommended Capital Improvements Appropriations Act as necessary. Any
36 recommended changes shall clearly distinguish program reductions, program
37 eliminations, program expansions, and new programs, and shall explain all proposed
38 capital improvements in the context of the Six-Year Capital Improvements Plan and as
39 required by G.S. 143C-8-6. The Governor shall provide sufficient supporting
40 documentation and accounting detail, consistent with that required by G.S. 143C-4-5(2),
41 corresponding to the recommended amendments to the Comprehensive Financial Plan.

42 (d) Funds Included in Budget. – Consistent with requirements of the North
43 Carolina Constitution, Article 5, Section 7(a), the Governor's Comprehensive Financial
44 Plan, together with the Budget Support Document, shall include recommended

1 expenditures from all Governmental and Proprietary Funds, as those funds are described
2 in G.S. 143C-1-3. Except where provided otherwise by federal law, funds received from
3 the federal government become State funds when deposited in the State treasury and
4 shall be classified and accounted for in the Governor's budget recommendations no
5 differently than funds from other sources.

6 (e) Revenue Estimates. – The recommended Current Operations Appropriations
7 Act shall contain a statement showing the estimates of General Fund availability,
8 Highway Fund availability, and Highway Trust Fund availability upon which the
9 recommended Comprehensive Financial Plan is based.

10 (f) Budget Message. – The Governor's budget recommendations shall be
11 accompanied by a written budget message that does all of the following:

12 (1) Explains the goals embodied in the recommended budget.

13 (2) Explains important features of the activities anticipated in the budget.

14 (3) Explains the assumptions underlying the statement of revenue
15 availability.

16 (4) Sets forth the reasons for changes from the previous biennium or fiscal
17 year, as appropriate, in terms of programs, program goals,
18 appropriation levels, and revenue yields.

19 (5) Identifies anticipated sources of funding for major spending initiatives.

20 (6) Prepares a fiscal analysis that addresses the State's budget outlook for
21 the upcoming five-year period. This fiscal analysis shall include
22 detailed estimates for five years for any proposals to create new or
23 significantly expand programs and for proposals to create new or
24 change existing law.

25 (g) Different Gubernatorial Administrations. – For years in which there will be a
26 change in gubernatorial administrations, the incumbent Governor shall complete the
27 budget recommendations and budget message by December 15 and deliver them to the
28 Governor-elect.

29 "Article 4.

30 "Budget Requirements.

31 "**§ 143C-4-1. Annual balanced budget.**

32 The budget recommended by the Governor and the budget enacted by the General
33 Assembly shall be balanced and shall include two fiscal years beginning on July 1 of
34 each odd-numbered year. Each fiscal year and each fund shall be balanced separately.
35 The budget for a fund is balanced when the beginning unreserved fund balance for the
36 fiscal year, together with the projected receipts to the fund during the fiscal year, is
37 equal to or greater than the sum of appropriations from the fund for that fiscal year.

38 "**§ 143C-4-2. Savings Reserve Account and appropriation of General Fund**
39 **unreserved fund balance.**

40 (a) Creation and Source of Funds. – The Savings Reserve Account is established
41 as a reserve in the General Fund. The Controller shall reserve to the Savings Reserve
42 Account one-fourth of any unreserved fund balance, as determined on a cash basis,
43 remaining in the General Fund at the end of each fiscal year.

1 **(b) Use of Funds.** – The Savings Reserve Account is a component of the
2 unappropriated General Fund balance. Funds reserved to the Savings Reserve Account
3 shall be available for expenditure only upon an act of appropriation by the General
4 Assembly.

5 **(c) Goal for Savings Reserve Account Balance.** – The General Assembly
6 recognizes the need to establish and maintain sufficient reserves to address
7 unanticipated events and circumstances such as natural disasters, economic downturns,
8 threats to public safety, health, and welfare, and other emergencies. It is a goal of the
9 General Assembly and the State to accumulate and maintain a balance in the Savings
10 Reserve Account equal to or greater than eight percent (8%) of the prior year's General
11 Fund operating budget.

12 **"§ 143C-4-3. Repairs and Renovations Reserve Account.**

13 **(a) Creation and Source of Funds.** – The Repairs and Renovations Reserve
14 Account is established as a reserve in the General Fund. The State Controller shall
15 reserve to the Repairs and Renovations Reserve Account one-fourth of any unreserved
16 fund balance, as determined on a cash basis, remaining in the General Fund at the end of
17 each fiscal year.

18 **(b) Use of Funds.** – The funds in the Repairs and Renovations Reserve Account
19 shall be used only for the repair and renovation of State facilities and related
20 infrastructure that are supported from the General Fund. Funds from the Repairs and
21 Renovations Reserve Account shall be used only for the following types of projects:

- 22 **(1) Roof repairs and replacements;**
- 23 **(2) Structural repairs;**
- 24 **(3) Repairs and renovations to meet federal and State standards;**
- 25 **(4) Repairs to electrical, plumbing, and heating, ventilating, and**
26 **air-conditioning systems;**
- 27 **(5) Improvements to meet the requirements of the Americans with**
28 **Disabilities Act, 42 U.S.C. § 12101, et seq., as amended;**
- 29 **(6) Improvements to meet fire safety needs;**
- 30 **(7) Improvements to existing facilities for energy efficiency;**
- 31 **(8) Improvements to remove asbestos, lead paint, and other contaminants,**
32 **including the removal and replacement of underground storage tanks;**
- 33 **(9) Improvements and renovations to improve use of existing space;**
- 34 **(10) Historical restoration;**
- 35 **(11) Improvements to roads, walks, drives, utilities infrastructure; and**
- 36 **(12) Drainage and landscape improvements.**

37 Funds from the Repairs and Renovations Reserve Account shall not be used for new
38 construction or the expansion of the footprint of an existing facility unless required in
39 order to comply with federal or State codes or standards.

40 **(c) Funds Available Only Upon Appropriation.** – Funds reserved to the Repairs
41 and Renovations Reserve Account shall be available for expenditure only upon an act of
42 appropriation by the General Assembly.

43 **"§ 143C-4-4. Capital Improvements Reserve Account.**

1 (a) Creation and Source of Funds. – The Capital Improvements Reserve Account
2 is established as a reserve in the General Fund. The State Controller shall reserve to the
3 Capital Improvements Reserve Account one-half of any unreserved fund balance, as
4 determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

5 (b) Use of Funds. – The funds in the Capital Improvements Reserve Account
6 shall be used only for real property acquisitions and the construction or rehabilitation of
7 State facilities that are supported from the General Fund.

8 (c) Funds Available Only Upon Appropriation. – Funds reserved to the Capital
9 Improvements Reserve Account shall be available for expenditure only upon an act of
10 appropriation by the General Assembly.

11 **"§ 143C-4-5. Contingency and Emergency Fund.**

12 (a) Creation. – The Contingency and Emergency Fund is established within the
13 General Fund. The General Assembly shall appropriate a specific amount to this fund
14 for contingencies and emergencies in the Current Operations Appropriations Act or
15 other appropriations bill.

16 (b) Authorized Uses. – Notwithstanding any other provision of law, funds
17 appropriated to the Contingency and Emergency Fund may be used only for
18 expenditures required: (i) by a court or Industrial Commission order, (ii) to respond to
19 events as authorized under G.S. 166A-5(1)a.9. of the Emergency Management Act, or
20 (iii) for other statutorily authorized purposes or other contingencies and emergencies,
21 not to exceed ten percent (10%) of the annual appropriation.

22 (c) Request for Allocation. – A State agency may request an allocation from the
23 Contingency and Emergency Fund by submitting a request in writing to the Director
24 along with any information required by the Director. If the Director approves the
25 request, and after prior consultation with the Joint Legislative Commission on
26 Governmental Operations, the Director shall present the request, together with a
27 recommendation, to the Council of State for its approval. If the Council of State
28 approves the request, the Director shall order the Controller to allocate the funds
29 requested.

30 **"§ 143C-4-6. Non-State match restrictions.**

31 Whenever money is required to match an appropriation made for a specific purpose
32 by the State of North Carolina, the recipient of the appropriation shall actually receive
33 as a gift, grant, earnings in actual money, or a pledge that can be used as collateral in
34 any prudent loan transaction, the matching amount required. The recipient shall retain
35 the matching amount received in its possession until spent for that purpose and shall
36 spend an equal percentage of the appropriation and of the matching amount each time
37 an expenditure is made, unless the individual appropriation requires otherwise.

38 **"§ 143C-4-7. General Fund operating budget size limited.**

39 (a) Size Limitation. – Except as otherwise provided in this section, the General
40 Fund operating budget each fiscal year shall not be greater than seven percent (7%) of
41 the projected total State personal income for that fiscal year. For the purpose of this
42 section, the General Fund operating budget includes any appropriations for local
43 tax-sharing, but does not include appropriations for (i) capital expenditures or (ii)
44 one-time expenditures due to natural disasters, federal mandates, or other emergencies.

1 before placing any other appropriations bill on the calendar for second reading. This
2 section does not apply to the following bills:

- 3 (1) An appropriations bill to respond to a disaster as defined by
4 G.S. 166A-4(1).
- 5 (2) An appropriations bill making adjustments to the current year budget.
- 6 (3) An appropriations bill authorizing continued operations at current
7 funding levels.

8 **"§ 143C-5-3. Availability statement required.**

9 The Current Operations Appropriations Act enacted by the General Assembly shall
10 state the General Fund, Highway Fund, and Highway Trust Fund availability used as
11 basis for appropriations from those funds.

12 **"§ 143C-5-4. Enactment deadline.**

13 The General Assembly shall enact the Current Operations Appropriations Act by
14 June 15 of odd-numbered years and by June 30 of even-numbered years in which a
15 Current Operations Appropriations Act is enacted.

16 **"§ 143C-5-5. Committee report used to construe intent of budget acts.**

17 A committee report incorporated by reference in the Current Operations
18 Appropriations Act or the Capital Improvements Appropriations Act and distributed on
19 the floor of the House of Representatives and of the Senate as part of the explanation of
20 the act is to be construed with the appropriate act in interpreting its intent. If a report
21 conflicts with the act, the act prevails. The Director of the Fiscal Research Division of
22 the Legislative Services Commission shall send a copy of the reports to the Director.

23 "Article 6.

24 "Administration of the Budget.

25 "Part 1. Certification and Administration of the Budget.

26 **"§ 143C-6-1. Budget enacted by the General Assembly; certified budgets of State**
27 **agencies.**

28 (a) Governor to Administer the Budget as Enacted by the General Assembly. – In
29 accordance with Section 5(3) of Article III of the North Carolina Constitution, the
30 Governor shall administer the budget as enacted by the General Assembly. All
31 appropriations of State funds now or hereafter made to the State agencies and non-State
32 entities authorize expenditures only for the (i) purposes or programs and (ii) objects or
33 line items enumerated in the Comprehensive Financial Plan and the Budget Support
34 Document recommended to the General Assembly by the Governor, as amended and
35 enacted by the General Assembly in the Current Operations Appropriations Act, the
36 Capital Improvements Appropriations Act, or any other act affecting the State budget.
37 The Governor shall ensure that appropriations are expended in strict accordance with
38 the budget enacted by the General Assembly.

39 (b) Departmental Receipts. – Departmental receipts collected to support a
40 program or purpose shall be credited to the fund from which appropriations have been
41 made to support that program or purpose.

42 (c) Certification of the Budget. – The Director of the Budget shall certify to each
43 State agency the amount appropriated to it for each program and each object from all
44 governmental and proprietary funds. The certified budget for each State agency shall

1 reflect the total of all appropriations enacted for each State agency by the General
2 Assembly in the Current Operations Appropriations Act, the Capital Improvements
3 Appropriations Act, and any other act affecting the State budget. The certified budget
4 for each State agency shall follow the format of the Budget Support Document as
5 modified to reflect changes enacted by the General Assembly.

6 **"§ 143C-6-2. Methods to avoid deficit.**

7 (a) Appropriations. – Each appropriation is maximum and conditional. The
8 expenditures authorized by an appropriation from a fund shall be made only if necessary
9 and only if the aggregate revenues to the fund during each fiscal year of the biennium,
10 when added to any unreserved fund balance from the previous fiscal year, are sufficient
11 to support the expenditures.

12 (b) Revenue Collections. – The Director, with the assistance of the Secretary of
13 Revenue and other officials collecting or receiving appropriated State revenue, shall
14 continuously survey the revenue collections. If the Director finds that revenues to any
15 fund, when added to the beginning unreserved fund balance in that fund, will be
16 insufficient to support appropriations from that fund, the Director shall immediately
17 notify the General Assembly that a deficit is anticipated. Prior to implementing any
18 measures, the Director shall present to the General Assembly a plan containing such
19 expenditure reductions and other lawful measures as the Director is prepared to
20 implement in order to avert the deficit.

21 (c) Local Governments Funds. – In exercising the powers contained in Section
22 5(3) of Article III of the North Carolina Constitution, the Governor shall not withhold
23 from distribution funds that have been collected by the State on behalf of local
24 governments or funds that the General Assembly has appropriated to local governments
25 unless the Governor has exhausted all other sources of revenue of the State including
26 any appropriated surplus remaining in the treasury at the beginning of the fiscal period.

27 In accordance with Section 19 of Article I of the North Carolina Constitution and the
28 Due Process Clause of the United States Constitution, the State is prohibited from
29 taking local tax revenue. This subsection does not authorize the Governor to withhold
30 revenues from taxes levied by units of local governments and collected by the State.

31 **"§ 143C-6-3. Allotments.**

32 To receive the operating funds appropriated to it, a State agency shall submit to the
33 Director, at intervals and in a format prescribed by the Director, a request for an
34 allotment of the amount estimated to be required for the agency's operating costs during
35 the ensuing fiscal period. The Director shall approve or modify the allotment requests,
36 and the State Controller shall implement the allotments as approved or modified by the
37 Director.

38 **"§ 143C-6-4. Budget Adjustments Authorized**

39 (a) Findings. – The General Assembly recognizes that even the most thorough
40 budget deliberations may be affected by unforeseeable events. Under limited
41 circumstances set forth in this section, the Director may adjust the enacted budget by
42 making transfers among lines of expenditure, purposes, or programs or by increasing
43 expenditures funded by departmental receipts. Under no circumstances, however, shall

1 total General Fund expenditures for a State department exceed the amount appropriated
2 to that department from the General Fund for the fiscal year.

3 (b) Adjustments to the Enacted Budget. – Notwithstanding the provisions of
4 G.S. 143C-6-1, a State agency may, with approval of the Director of the Budget, spend
5 more than was authorized in the enacted budget for all of the following:

6 (1) An object or line item within a purpose or program so long as the total
7 amount expended for the purpose or program is no more than was
8 authorized in the enacted budget for the purpose or program.

9 (2) A purpose or program if the overexpenditure of the purpose or
10 program is:

11 a. Required by a court or Industrial Commission order;

12 b. Authorized under G.S. 166A-5(1)a.9. of the Emergency
13 Management Act; or

14 c. Required to call out the national guard.

15 (3) A purpose or program not subject to the provisions of subdivision
16 (b)(2)b. of this subsection, but only in accord with the following
17 restrictions: (i) the overexpenditure is required to continue the purpose
18 or programs due to complications or changes in circumstances that
19 could not have been foreseen when the budget for the fiscal period was
20 enacted, (ii) the scope of the purpose or program is not increased, (iii)
21 the overexpenditure is authorized on a nonrecurring basis, and (iv)
22 under no circumstances shall the total requirements for a State
23 department exceed the department's certified budget for the fiscal year
24 by more than one percent (1%).

25 (c) Overexpenditures Reported. – The Director shall report quarterly, beginning
26 October 31, to the Joint Legislative Commission on Governmental Operations on
27 overexpenditures approved by the Director under subdivisions (2) and (3) of subsection
28 (a) of this section.

29 (d) Overexpenditures in Senate Budget. – The President Pro Tempore of the
30 Senate may approve expenditures for more than was authorized in the enacted budget
31 for objects or line items in the budget of the Senate.

32 (e) Overexpenditures in House of Representatives Budget. – The Speaker of the
33 House of Representatives may approve expenditures for more than was authorized in
34 the enacted budget objects or line items in the budget of the House of Representatives.

35 (f) Transfers Between Line Items or Programs in General Assembly Budget
36 Other Than Senate and House of Representatives. – Expenditures exceeding amounts
37 authorized for programs, objects, or line items in the budget of the General Assembly
38 other than those of the Senate and House of Representatives shall be approved jointly by
39 the President Pro Tempore of the Senate and the Speaker of the House of
40 Representatives.

41 (g) Transfers in The University of North Carolina Budget. – Transfers or changes
42 within the budget of The University of North Carolina may be made as provided in
43 Article 1 of Chapter 116 of the General Statutes.

1 **"§ 143C-6-5. No expenditures for purposes for which the General Assembly has**
2 **considered but not enacted an appropriation.**

3 Notwithstanding any other provision of law, no funds from any source shall be
4 expended for any new or expanded purpose, position, or other expenditure for which the
5 General Assembly has considered but not enacted an appropriation of funds for the
6 current fiscal period.

7 **"§ 143C-6-6. Payrolls.**

8 (a) Before a State agency establishes a new position or changes the funding of an
9 existing position, the agency shall submit the proposed action to the Director for
10 approval. The Director shall review the proposed action to ensure that funds for the
11 action are included in the amount appropriated to the agency. If the Director approves
12 the action, the Director shall notify the agency and the Controller of the approval. The
13 Controller may not honor a voucher in payment of a payroll that includes a new position
14 or a change in an existing position that has not been approved by the Director.

15 (b) This section does not apply to The University of North Carolina.

16 **"§ 143C-6-7. Compliance with Chapter and appropriations acts; appropriations to**
17 **the General Assembly do not revert.**

18 (a) Compliance With Chapter and Appropriations Acts. – Except as otherwise
19 provided by law, all expenditures of State funds by a State agency or a non-State entity
20 shall be made in compliance with the State budget as enacted by the General Assembly
21 and certified by the Director. If the Director finds that a State agency or non-State entity
22 has spent or encumbered State funds for an unauthorized purpose, the Director shall
23 take appropriate administrative action to ensure that no further irregularities occur and
24 shall report to the Attorney General any facts that pertain to an apparent violation of a
25 penal statute or an apparent instance of malfeasance, misfeasance, or nonfeasance by a
26 person.

27 (b) Repayment of Funds Spent for an Unauthorized Purpose. – In addition to the
28 provisions of subsection (a) of this section, if the Director finds that a State agency
29 violated this section, the Director shall withhold any future allocations for the
30 unauthorized purpose and shall also withhold future allocations to the Department in an
31 amount equal to the funds unlawfully spent. If the Director finds that a non-State entity
32 violated this section, the Director shall withhold any future allocations for the
33 unauthorized purpose and shall request the Attorney General to take any legal action
34 required to secure repayment of the funds unlawfully spent.

35 (c) Appropriations to the General Assembly Remain Available. – Appropriations
36 to the General Assembly shall remain available until expended, unless otherwise
37 provided by the Legislative Services Commission.

38 **"§ 143C-6-8. State agencies may incur financial obligations only if authorized by**
39 **the Director of the Budget and subject to the availability of appropriated**
40 **funds.**

41 Unless otherwise authorized by the Director as provided by law, purchase orders,
42 contracts, salary commitments, and any other financial obligations by State agencies
43 shall be subject to the availability of appropriated funds.

44 **"§ 143C-6-9. Use of lapsed salary savings.**

1 Lapsed salary savings may be expended only for nonrecurring purposes or line
2 items.

3 **"§ 143C-6-10. Transfers to Department of Health and Human Services.**

4 (a) Medicaid. – Political subdivisions may appropriate funds directly to the
5 Department of Health and Human Services for Medicaid programs. Other public
6 agencies and private sources may transfer funds to the Department for Medicaid
7 programs. The Department may accept unconditional and unrestricted donations of the
8 funds. Notwithstanding the provisions of this Chapter that might forbid the transfer or
9 donation of funds, the University of North Carolina Hospitals at Chapel Hill may
10 transfer funds as provided by the previous sentence of this section.

11 (b) Use of Funds. – Contributed funds for Medicaid are subject to the
12 Department of Health and Human Services administrative control and be allocated as
13 provided in the Current Operations Appropriations Act, except the contributions shall
14 not reduce State general revenue funding. At the end of any fiscal year, the
15 unencumbered balance of any of the funds shall not revert to the General Fund, but shall
16 be reappropriated for these purposes in the next fiscal year.

17 "Part 2. Highway Appropriations.

18 **"§ 143C-6-11. Highway appropriation.**

19 (a) General Provisions. – Appropriations made for transportation projects are
20 subject to the provisions in this section. If the provisions in this section conflict with the
21 budget acts, the budget acts prevail.

22 (b) Cash Flow Management of Transportation Projects. – Transportation Project
23 funds shall be budgeted, expended, and accounted for on a 'cash flow' basis. Pursuant to
24 this end, transportation project contracts shall be planned and limited so payments due
25 at any time will not exceed the cash available to pay them.

26 (c) Appropriations Are for Payments and Contract Commitments to Be Made in
27 the Appropriation Fiscal Year. – The appropriations for transportation projects are for
28 maximum payments estimated to be made during the appropriation fiscal year and for
29 maximum contracting authority for future years. Transportation project contracts shall
30 be scheduled so that the total contract payments and other expenditures charged to
31 projects in the fiscal year for each transportation project appropriation item will not
32 exceed the current appropriations provided by the General Assembly and unspent prior
33 appropriations made by the General Assembly for the particular appropriation item.

34 (d) Payments Subject to Availability of Funds. – The annual appropriations for
35 transportation projects shall be expended only to the extent that sufficient funds are
36 available in the Highway Fund.

37 (e) Retainage Fully Funded. – The Department of Transportation shall fully fund
38 retainage from transportation project contracts in the year in which the work is
39 performed.

40 (f) Five Percent of the Cash Balance Required. – The Department of
41 Transportation shall maintain an available cash balance at the end of each month equal
42 to at least five percent (5%) of the unpaid balance of the total transportation project
43 contract obligations. In the event this cash position is not maintained, no further
44 transportation project contract commitments may be entered into until the cash balance

1 has been regained. For the purposes of awarding contracts involving federal aid, any
2 amount due from the federal government and the Highway Bond Fund as a result of
3 unreimbursed expenditures may be considered as cash for the purposes of this
4 provision.

5 (g) Anticipation of Revenues. – In awarding State transportation project contracts
6 requiring payments beyond a biennium, the Director may anticipate revenues as
7 authorized and certified by the General Assembly to continue contract payments for up
8 to seventy-five percent (75%) of the revenues which are estimated for the first fiscal
9 year of the succeeding biennium and which are not required for other budget items. Up
10 to fifty percent (50%) of the revenues not required for other budget items may be
11 anticipated for the second and subsequent fiscal years' contract payments. Up to forty
12 percent (40%) of the revenues not required for other budget items may be anticipated
13 for the first year of the second succeeding biennium and up to twenty percent (20%) of
14 the revenues not required for other budget items may be anticipated for the second year
15 of the second succeeding biennium.

16 (h) Amounts Encumbered. – Transportation project appropriations may be
17 encumbered in the amount of allotments made to the Department of Transportation by
18 the Director for the estimated payments for transportation project contract work to be
19 performed in the appropriation fiscal year. The allotments shall be multiyear allotments
20 and shall be based on estimated revenues and shall be subject to the maximum contract
21 authority contained in subsection (c) above. Payment for transportation project work
22 performed pursuant to contract in any fiscal year other than the current fiscal year is
23 subject to appropriations by the General Assembly. Transportation project contracts
24 shall contain a schedule of estimated completion progress, and any acceleration of this
25 progress shall be subject to the approval of the Department of Transportation provided
26 funds are available. The State reserves the right to terminate or suspend any
27 transportation project contract, and any transportation project contract shall be so
28 terminated or suspended if funds will not be available for payment of the work to be
29 performed during that fiscal year pursuant to the contract. In the event of termination of
30 any contract, the contractor shall be given a written notice of termination at least 60
31 days before completion of scheduled work for which funds are available. In the event of
32 termination, the contractor shall be paid for the work already performed in accordance
33 with the contract specifications.

34 (i) Provision Incorporated in Contracts. – The provisions of subsection (h) of this
35 section shall be incorporated verbatim in all transportation project contracts.

36 (j) Existing Contracts Are Not Affected. – The provisions of this section shall
37 not apply to transportation project contracts awarded by the Department of
38 Transportation prior to July 15, 1980.

39 (k) The Department of Transportation shall do all of the following:

- 40 (1) Utilize cash flow financing to the extent possible to fund transportation
41 projects with the goal of reducing the combined average daily cash
42 balance of the Highway Fund and the Highway Trust Fund to an
43 amount equal to the twelve percent (12%) of the combined estimate of
44 the yearly receipts of the Funds. The target amount shall include an

1 amount necessary to make all municipal-aid funding requirements of
2 the Department.

3 (2) Establish necessary management controls to facilitate use of cash flow
4 financing, such as establishment of a financial planning committee,
5 development of a monthly financing report, establishment of
6 appropriate fund cash level targets, review of revenue forecasting
7 procedures, and reduction of accrued unbilled costs.

8 (3) Report annually, on October 1 of each year, to the Joint Legislative
9 Transportation Oversight Committee on its cash management policies
10 and results.

11 "Part 3. Non-State Entities Receiving State Funds.

12 **"§ 143C-6-12. Payments to non-State entities.**

13 Except as otherwise provided by law, an annual appropriation of one hundred
14 thousand dollars (\$100,000) or less to or for the use of a nonprofit corporation shall be
15 made in a single annual payment. An annual appropriation of more than one hundred
16 thousand dollars (\$100,000) to or for the use of a nonprofit corporation shall be made in
17 quarterly or monthly payments, in the discretion of the Director of the Budget.

18 **"§ 143C-6-13. Report on use of State funds by non-State entities.**

19 (a) Disbursement and Use of State Funds. – Every non-State entity that receives,
20 uses, or expends any State funds shall use or expend the funds only for the purposes for
21 which they were appropriated by the General Assembly or collected by the State. State
22 funds include federal funds that flow through the State. For the purposes of this section,
23 the term "grantee" means a non-State entity other than an individual or a unit of local
24 government that receives a grant of State funds from a State agency, department, or
25 institution.

26 The State shall not disburse State funds appropriated by the General Assembly to
27 any grantee or collected by the State for use by any grantee unless that grantee:

28 (1) Provides all reports and financial information required under this
29 section to the appropriate State agencies and officials; and

30 (2) Provides any additional information that the Office of State Budget
31 and Management deems necessary demonstrating that such grantee is
32 capable of managing the funds in accordance with law and has
33 established adequate financial procedures and controls.

34 All financial statements furnished to the State Auditor pursuant to this section, and
35 any audits or other reports prepared by the State Auditor, are public records.

36 (b) State Agency Responsibilities. – A State agency that receives State funds and
37 then disburses the State funds to a grantee shall:

38 (1) Submit documents to the State Auditor in a prescribed format
39 describing standards of compliance and suggested audit procedures
40 sufficient to give adequate direction to independent auditors
41 performing audits.

42 (2) Annually, at the time the grant is made, notify each grantee, in writing,
43 of the reporting requirements set forth in this section and that the State
44 agency is not authorized to disburse funds to grantees that fail to

1 comply with the reporting requirements for funds received during the
2 prior fiscal year.

3 (3) Provide each grantee with the accounting form and other requirements
4 prescribed by the State Auditor.

5 (4) Submit a list to the State Auditor by October 31 each year of every
6 grantee to which the agency disbursed State funds in the prior fiscal
7 year, the amount disbursed to each grantee, and other such information
8 as required by the State Auditor to comply with the requirements set
9 forth in this section.

10 (5) Submit a list to the Office of State Budget and Management by
11 January 31 each year of every grantee to which the agency disbursed
12 State funds in the prior fiscal year and, for each grantee, whether that
13 grantee has filed the sworn accounting required by subsection (c) of
14 this section and whether the sworn accounting is in compliance with
15 subsection (c) of this section.

16 (c) Grantee Receipt and Expenditure Reports. – A grantee that receives, uses, or
17 expends between fifteen thousand dollars (\$15,000) and three hundred thousand dollars
18 (\$300,000) in State funds annually must file annually with the State agency that
19 disbursed the funds a sworn accounting of receipts and expenditures of the State funds
20 and a description of activities and accomplishments undertaken by the grantee with
21 State funds. This accounting must be attested to by the treasurer of the grantee and one
22 other authorizing officer of the grantee. The accounting must be filed within six months
23 after the end of the grantee's fiscal year in which the State funds were received. The
24 accounting shall be in the form required by the State Auditor and provided to the
25 grantee by the disbursing agency.

26 (d) Grantee Audit Reports. – A grantee that receives, uses, or expends State
27 funds in the amount of three hundred thousand dollars (\$300,000) or more annually
28 must file annually with the State Auditor a financial statement in the form and on the
29 schedule prescribed by the State Auditor. These audit reports shall be filed no later than
30 nine months after the close of the grantee's fiscal year. The financial statement must be
31 audited in accordance with standards prescribed by the State Auditor to assure that State
32 funds are used for the purposes provided by law.

33 A grantee that receives, uses, or expends State funds in the amount of three hundred
34 thousand dollars (\$300,000) or more annually must file annually with the State agency
35 that disbursed the funds a description of activities and accomplishments undertaken by
36 the grantee with State funds. This description must be filed within 90 days after the end
37 of the grantee's fiscal year in which the State funds were received.

38 (e) State Auditor's Responsibilities. – The State Auditor shall:

39 (1) Review each audit submitted pursuant to subsection (d) of this section
40 and determine that it has been conducted in accordance with generally
41 accepted audit standards and that the grantee has received a clean audit
42 opinion.

1 information to determine maintenance needs and prepare life-cycle cost evaluations of
2 each facility listed in the inventory. The Department of Administration shall update and
3 publish the inventory at least once every three years. The Department shall also record
4 in the inventory acquisitions of new facilities and significant changes in existing
5 facilities as they occur.

6 **"§ 143C-8-3. Capital improvement needs criteria.**

7 The Office of State Budget and Management shall develop a weighted list of factors
8 that may be used to evaluate the need for capital improvement projects. The list shall
9 include all of the following:

- 10 (1) Preservation, adequacy and use of existing facilities.
- 11 (2) Health and safety considerations.
- 12 (3) Operational efficiencies.
- 13 (4) Projected demand for governmental services.

14 **"§ 143C-8-4. Agency capital improvement needs estimates.**

15 (a) Needs Estimate Required. – On or before September 1 of each
16 even-numbered year, each State agency shall submit to the Office of State Budget and
17 Management and to the Division of Fiscal Research a six-year capital improvement
18 needs estimate. This estimate shall describe the agency's anticipated capital needs for
19 each year of the six-year planning period. Capital improvement needs estimates shall be
20 shown in two parts.

21 (b) Repairs and Renovations Needs Estimate. – The first part of the capital
22 improvement needs estimates shall include only requirements for repairs and
23 renovations necessary to maintain the existing use of existing facilities. Each proposed
24 repair and renovation expenditure shall be justified by reference to the Facilities
25 Condition Assessment Program operated by the Office of State Construction.

26 (c) Real Property and New Construction or Facility Rehabilitation Needs
27 Estimate. – The second part of the capital improvement needs estimates shall include
28 only proposals for real property acquisition and projects involving construction of new
29 facilities or rehabilitation of existing facilities to accommodate uses for which the
30 existing facilities were not originally designed. Each project included in this part shall
31 be justified by reference to the needs evaluation criteria established by the Office of
32 State Budget and Management pursuant to G.S. 143C-8-3.

33 **"§ 143C-8-5. Six-year capital improvements plan.**

34 (a) General. – The State capital improvement plan shall address the long-term
35 capital improvement needs of all State government agencies and shall incorporate all
36 capital projects, however financed, proposed to meet those needs, except that
37 transportation infrastructure projects shall be excluded. On or before December 31 of
38 each even-numbered year, the Director of the Budget shall prepare and transmit to the
39 General Assembly a six-year capital improvement plan. When preparing the plan, the
40 Director of the Budget shall consider the capital improvement needs estimates
41 submitted by State agencies as required in G.S. 143C-8-4. The plan shall be prepared in
42 two parts.

43 (b) Repair and Renovations Requirements. – The first part of the capital
44 improvement plan shall set forth repair and renovations requirements that, in the

1 judgment of the Director of the Budget, should be met within each year of the six-year
2 planning period to protect and preserve existing capital improvement facilities. The plan
3 shall identify individual projects in priority order by State agency and shall specify the
4 means of financing.

5 (c) Real Property Acquisition, New Construction, or Facility Rehabilitations. –
6 The second part of the capital improvement plan shall set forth an integrated schedule
7 for real property acquisition, new construction, or rehabilitation of existing facilities
8 that, in the judgment of the Director of the Budget, should be initiated within each year
9 of the six-year planning period. The plan shall contain for each project (i) estimates of
10 real property acquisition, and construction or rehabilitation costs (ii) a means of
11 financing the project, and (iii) an estimated schedule for the completion of the project.
12 Where the means of financing would involve direct or indirect debt service obligations,
13 a schedule of those obligations shall be presented.

14 **"§ 143C-8-6. Recommendations for capital improvements set forth in the**
15 **Comprehensive Financial Plan.**

16 (a) Budget Director's Recommendations. – The Director of the Budget shall
17 recommend expenditures for repairs and renovations of existing facilities, and real
18 property acquisition, new construction or rehabilitation of existing facilities in the
19 Comprehensive Financial Plan in accordance with G.S. 143C-4-5.

20 (b) Comprehensive Financial Plan. – The Comprehensive Financial Plan shall
21 contain for repairs and renovations of existing facilities: (i) the amount recommended
22 for each State agency, (ii) a summary of the recommendations by project type, and (iii)
23 the means of financing.

24 (c) Budget Support Document. – The Budget Support Document shall contain for
25 each repair and renovation project recommended in accordance with 143C-8-6(b): (i) a
26 project description and justification, (ii) a detailed cost estimate, (iii) an estimated
27 schedule of cash flow requirements over the life of the project, (iv) an estimated
28 schedule for the completion of the project, and (v) an explanation of the means of
29 financing.

30 (d) Detail to be Included in Comprehensive Financial Plan. – The
31 Comprehensive Financial Plan shall contain for each capital project involving real
32 property acquisition, new construction, footprint expansions, or the rehabilitation of
33 existing facilities to accommodate new or expanded uses: (i) a project description and
34 statement of need, (ii) an estimate of acquisition and construction or rehabilitation costs,
35 and (iii) a means of financing the project.

36 (e) Detail to be Included in Budget Support Document. – The Budget Support
37 Document shall contain for each capital project recommended in accordance with
38 143C-8-6(c): (i) a detailed project description and justification, (ii) a detailed estimate
39 of acquisition, planning, design, site development, construction, contingency and other
40 related costs, (iii) an estimated schedule of cash flow requirements over the life of the
41 project, (iv) an estimated schedule for the completion of the project, (v) an estimate of
42 maintenance and operating costs, including personnel, for the project, covering the first
43 ten years of operation, (vi) an estimate of revenues, if any, likely to be derived from the

1 project, covering the first five years of operation, and (vii) an explanation of the means
2 of financing.

3 **"§ 143C-8-7. When a State agency may begin a capital improvement project.**

4 No State agency may expend funds for any capital improvement project except as
5 needed to comply with this article or otherwise authorized by the General Assembly.

6 **"§ 143C-8-8. When a State agency may increase the cost of a capital improvement**
7 **project.**

8 A State agency may increase the cost of a capital improvement project if the General
9 Assembly authorizes the increase. The Director may authorize an increase in the cost of
10 a capital improvement project if (i) bids for the project contract exceed the amount
11 appropriated for the project, (ii) the project was designed within the scope intended by
12 the appropriation, and (iii) funds are available in the Project Reserve Account to pay for
13 the increase.

14 **"§ 143C-8-9. When a State agency may change the scope of a capital improvement**
15 **project.**

16 A State agency may increase the scope of a capital improvement project only if the
17 General Assembly authorizes the increase. A State agency may decrease the scope of a
18 capital improvement project if the Director authorizes the decrease. To obtain the
19 Director's authorization for a decrease in the scope of a capital improvement project, a
20 State agency shall submit its request to the Director in writing and shall state the reason
21 for the request.

22 **"§ 143C-8-10. Project Reserve Account.**

23 (a) Project Reserve Account. – The Project Reserve Account is created as a
24 reserve account within the Capital Project Fund. When a construction contract is entered
25 for a capital improvement project for which the General Assembly has enacted an
26 appropriation, the appropriation is encumbered for the project's costs of real property
27 acquisition, planning, design, site development, construction, contingencies, and other
28 related costs. If the amount appropriated for the project exceeds the amount
29 encumbered, the excess shall be credited to the Project Reserve Account, unless
30 otherwise required by law. The Director may authorize funds in the Account to be used
31 for any of the following:

- 32 (1) An emergency repair and renovation project at a State facility.
33 (2) The award of a project contract when bids for the contract exceed the
34 amount appropriated for it if the project was designed within the scope
35 intended by the appropriation and if the Director finds that all means to
36 award the contract within the appropriation were reasonably attempted.
37 (3) A reversion to the principal fund from which revenue was appropriated
38 for a project when the amount encumbered for the project is less than
39 the amount appropriated.

40 (b) Reporting Requirement. – Whenever the Director authorizes the use of funds
41 from the Project Reserve Account, the Director shall report the action to the Joint
42 Legislative Commission on Governmental Operations at its next meeting.

43 **"§ 143C-8-11. Reversion of appropriation and lapse of project authorization.**

1 Trust Fund. Any balance remaining in the Trust Fund at the end of any fiscal year shall
2 be carried forward in the Trust Fund for the next succeeding fiscal year.

3 Moneys in the Trust Fund shall be expended only in accordance with subsection (b)
4 of this section and in accordance with limitations and directions enacted by the General
5 Assembly.

6 (b) Moneys in the Trust Fund for Mental Health, Developmental Disabilities, and
7 Substance Abuse Services and Bridge Funding Needs shall be used only to:

8 (1) Provide start-up funds and operating support for programs and services
9 that provide more appropriate and cost-effective community treatment
10 alternatives for individuals currently residing in the State's mental
11 health, developmental disabilities, and substance abuse services
12 institutions.

13 (2) Facilitate the State's compliance with the United States Supreme Court
14 decision in Olmstead v. L.C. and E.W.

15 (3) Facilitate reform of the mental health, developmental disabilities, and
16 substance abuse services system and expand and enhance treatment
17 and prevention services in these program areas to remove waiting lists
18 and provide appropriate and safe services for clients.

19 (4) Provide bridge funding to maintain appropriate client services during
20 transitional periods as a result of facility closings, including
21 departmental restructuring of services.

22 (5) Construct, repair, and renovate State mental health, developmental
23 disabilities, and substance abuse services facilities.

24 (c) Notwithstanding G.S. 143C-1-2, any nonrecurring savings in State
25 appropriations realized from the closure of any State psychiatric hospitals that are in
26 excess of the cost of operating and maintaining a new State psychiatric hospital shall not
27 revert to the General Fund but shall be placed in the Trust Fund and shall be used for the
28 purposes authorized in this section. Notwithstanding G.S. 143C-1-2, recurring savings
29 realized from the closure of any State psychiatric hospitals shall not revert to the
30 General Fund but shall be used for the payment of debt service on financing contract
31 indebtedness authorized pursuant to Article 9 of Chapter 142 of the General Statutes for
32 the construction of a new State psychiatric hospital. Any remainder not needed for this
33 debt service shall be credited to the Department of Health and Human Services to be
34 used only for the purposes of subsections (b)(2) and (b)(3) of this section.

35 **§ 143C-9-3. Settlement Reserve Fund.**

36 (a) The "Settlement Reserve Fund" is established as a restricted reserve in the
37 General Fund. Except as otherwise provided in this section, funds shall be expended
38 from the Settlement Reserve Fund only by specific appropriation by the General
39 Assembly.

40 (b) A Health Trust Account is established in the Settlement Reserve Fund. The
41 portion of each Master Settlement Agreement payment identified in Section 6(3) of S.L.
42 1999-2 shall be credited to the Health Trust Account. The State Controller shall transfer
43 all funds in the Health Trust Account to the Health and Wellness Trust Fund created in
44 Article 6C of Chapter 147 of the General Statutes.

1 by the people, who persists, after notice and warning, in failing or refusing to comply
2 with the provisions of this Chapter or any lawful administrative directive issued
3 pursuant to this Chapter. Before acting to suspend, the Governor shall give the accused
4 notice and an opportunity to be heard in his or her own defense. The Governor shall
5 report the facts leading to suspension to the Attorney General who may initiate
6 appropriate criminal or civil proceedings. The Governor may apply to the General Court
7 of Justice for a restraining order and injunction if a suspended officer or employee
8 persists in performing official acts.

9 (b) Elected Officers. – A State officer elected by the people who knowingly and
10 willfully fails or refuses to comply with any provision of this Chapter or any lawful
11 administrative directive issued under this Chapter is subject to impeachment."

12 **SECTION 4.** Part 2A of Article 1 of Chapter 116 of the General Statutes is
13 amended by adding a new section to read:

14 **"§ 116-30.3A. Availability of excess receipts.**

15 Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts
16 within The University of North Carolina realized in excess of budgeted levels shall be
17 available, up to a maximum of ten percent (10%) above budgeted levels, for each
18 Budget Code, in addition to appropriations to support the operations generating the
19 receipts as approved by the Director of the Budget."

20 **SECTION 5.(a)** G.S. 143-15.3B is recodified as G.S. 113A-253.1.

21 **SECTION 5.(b)** G.S. 113A-253.1 as recodified by this section reads as
22 rewritten:

23 **"§ 113A-253.1. The Clean Water Management Trust Fund. Fund: appropriation.**

24 (a) ~~The Clean Water Management Trust Fund is established in G.S. 113A-253.~~
25 The General Assembly finds that, due to the critical need in this State to clean up
26 pollution in the State's surface waters and to protect and conserve those waters that are
27 not yet polluted, it is imperative that the State provide a minimum of one hundred
28 million dollars (\$100,000,000) each calendar year to the Clean Water Management
29 Trust Fund; therefore, there is annually appropriated from the General Fund to the Clean
30 Water Management Trust Fund the sum of one hundred million dollars (\$100,000,000).

31 (b) The funds in the Clean Water Management Trust Fund shall be used only in
32 accordance with ~~Article 18 of Chapter 113A of the General Statutes.~~this Article."

33 **SECTION 6.** G.S. 143-27.2 is recodified as G.S. 126-8.5.

34 **SECTION 7.** G.S. 143-31.2 is recodified as G.S. 143B-53.1.

35 **SECTION 8.** G.S. 143B-426.39 reads as rewritten:

36 **"§ 143B-426.39. Powers and duties of the State Controller.**

37 The State Controller shall:

- 38 (1) Prescribe, develop, operate, and maintain in accordance with generally
39 accepted principles of governmental accounting, a uniform state
40 accounting system for all state agencies. The system shall be designed
41 to assure compliance with all legal and constitutional requirements
42 including those associated with the receipt and expenditure of, and the
43 accountability for public funds.

- 1 (2) On the recommendation of the State Auditor, prescribe and supervise
2 the installation of any changes in the accounting systems of an agency
3 that, in the judgment of the State Controller, are necessary to secure
4 and maintain internal control and facilitate the recording of accounting
5 data for the purpose of preparing reliable and meaningful statements
6 and reports. The State Controller shall be responsible for seeing that a
7 new system is designed to accumulate information required for the
8 preparation of budget reports and other financial reports.
- 9 (3) Maintain complete, accurate and current financial records that set out
10 all revenues, charges against funds, fund and appropriation balances,
11 interfund transfers, outstanding vouchers, and encumbrances for all
12 State funds and other public funds including trust funds and
13 institutional funds available to, encumbered, or expended by each State
14 agency, in a manner consistent with the uniform State accounting
15 system.
- 16 (4) Prescribe the uniform classifications of accounts to be used by all State
17 agencies including receipts, expenditures, assets, liabilities, fund types,
18 organization codes, and purposes. The State Controller shall also, after
19 consultation with the Office of State Budget and Management,
20 prescribe a form for the periodic reporting of financial accounts,
21 transactions, and other matters that is compatible with systems and
22 reports required by the State Controller under this section. Additional
23 records, accounts, and accounting systems may be maintained by
24 agencies when required for reporting to funding sources provided prior
25 approval is obtained from the State Controller.
- 26 (4a) Prescribe that, unless exempted by the State Controller, newly created
27 or acquired component units of the State are required to have the same
28 fiscal year as the State.
- 29 (5) Prescribe the manner in which disbursements of the State agencies
30 shall be ~~made, in accordance with G.S. 143-3.~~ made and may require
31 that warrants, vouchers, electronic payments, or checks, except those
32 drawn by the State Auditor, State Treasurer, and Administrative
33 Officer of the Courts, shall bear two signatures of officers as
34 designated by the State Controller.
- 35 (6) Operate a central payroll system, in accordance with ~~G.S. 143-3.2 and~~
36 ~~143-34.1.~~ G.S. 143B-426.39B and G.S. 143C-6-6.
- 37 (7) Keep a record of the appropriations, allotments, expenditures, and
38 revenues of each State agency, ~~in accordance with~~
39 ~~G.S. 143-20.~~ agency.
- 40 (8) Make appropriate reconciliations with the balances and accounts kept
41 by the State Treasurer.
- 42 (9) Develop, implement, and amend as necessary a uniform statewide cash
43 management plan for all State agencies in accordance with
44 G.S. 147-86.11.

- 1 (9a) Implement a statewide accounts receivable program in accordance
2 with Article 6B of Chapter 147 of the General Statutes.
- 3 (10) Prepare and submit to the Governor, the State Auditor, the State
4 Treasurer, and the Office of State Budget and Management each
5 month, a report summarizing by State agency and appropriation or
6 other fund source, the results of financial transactions. This report shall
7 be in the form that will most clearly and accurately set out the current
8 fiscal condition of the State. The State Controller shall also furnish
9 each State agency a report of its transactions by appropriation or other
10 fund source in a form that will clearly and accurately present the fiscal
11 activities and condition of the appropriation or fund source.
- 12 (11) Prepare and submit to the Governor, the State Auditor, the State
13 Treasurer, and the Office of State Budget and Management, at the end
14 of each quarter, a report on the financial condition and results of
15 operations of the State entity for the period ended. This report shall
16 clearly and accurately present the condition of all State funds and
17 appropriation balances and shall include comments, recommendations,
18 and concerns regarding the fiscal affairs and condition of the State.
- 19 (12) Prepare on or before October 31 of each year, a Comprehensive
20 Annual Financial Report in accordance with generally accepted
21 accounting principles of the preceding fiscal year, in accordance with
22 ~~G.S. 143-20.1.~~ G.S. 143B-426.39C. The report shall include State
23 agencies and component units of the State, as defined by generally
24 accepted accounting principles.
- 25 (13) Perform additional functions and duties assigned to the State
26 Controller, within the scope and context of the ~~Executive Budget Act,~~
27 ~~Chapter 143, Article 1 of the General Statutes.~~ State Budget Act,
28 Chapter 143C of the General Statutes.
- 29 (14) through (16) Recodified as G.S. 143B-472.42 (1), (2), and (3) by
30 Session Laws 1997-148, s. 3."

31 **SECTION 9.** Chapter 143B of the General Statutes is amended by adding
32 the following new parts to read:

33 "Part 28B. Assignment of Claims Against the State.

34 "§ 143B-426.39A. Assignments of claims against State.

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

- 36 (1) Assignment. An assignment or transfer of a claim, or a power of
37 attorney, an order, or another authority for receiving payment of a
38 claim.
- 39 (2) Claim. A claim, a part or a share of a claim, or an interest in a claim,
40 whether absolute or conditional.
- 41 (3) Qualified charitable organization. A charitable organization that is
42 exempt from federal income tax pursuant to section 501(c)(3) of the
43 Internal Revenue Code.

1 (4) State employee credit union. A credit union organized under Chapter
2 54 of the General Statutes whose membership is at least one-half
3 employees of the State.

4 (5) The State. The State of North Carolina and any department, bureau, or
5 institution of the State of North Carolina.

6 (b) Assignments Prohibited. – Except as otherwise provided in this section, any
7 assignment of a claim against the State is void, regardless of the consideration given for
8 the assignment, unless the claim has been duly audited and allowed by the State and the
9 State has issued a warrant for payment of the claim. Except as otherwise provided in
10 this section, the State shall not issue a warrant to an assignee of a claim against the
11 State.

12 (c) Assignments in Favor of Certain Entities Allowed. – This section does not
13 apply to an assignment in favor of:

14 (1) A hospital.

15 (2) A building and loan association.

16 (3) A uniform rental firm in order to allow an employee of the Department
17 of Transportation to rent uniforms that include Day-Glo orange shirts
18 or vests as required by federal and State law.

19 (4) An insurance company for medical, hospital, disability, or life
20 insurance.

21 (d) Assignments to Meet Child Support Obligations Allowed. – This section does
22 not apply to assignments made to meet child support obligations pursuant to
23 G.S. 110-136.1.

24 (e) Assignments for Prepaid Legal Services Allowed. – This section does not
25 apply to an assignment for payment for prepaid legal services.

26 (f) Payroll Deduction for State Employees' Credit Union Accounts Allowed. –
27 An employee of the State who is a member of a State employee credit union may
28 authorize, in writing, the periodic deduction from the employee's salary or wages paid
29 for employment by the State of a designated lump sum for deposit to any credit union
30 accounts, purchase of any credit union shares, or payment of any credit union
31 obligations agreed to by the employee and the State Employees' Credit Union.

32 (f1) Payroll Deduction for Contributions to the Parental Savings Fund Allowed. –
33 An employee of the State may authorize, in writing, the periodic deduction from the
34 employee's salary or wages paid for employment by the State of a designated lump sum
35 for deposit in the Parental Savings Trust Fund administered by the State Education
36 Assistance Authority.

37 (g) Payroll Deduction for Payments to Certain Employees' Associations Allowed.
38 – An employee of the State or any of its institutions, departments, bureaus, agencies, or
39 commissions, or any of its local boards of education or community colleges, who is a
40 member of a domiciled employees' association that has at least 2,000 members, the
41 majority of whom are employees of the State or public school employees, may
42 authorize, in writing, the periodic deduction each payroll period from the employee's
43 salary or wages a designated lump sum to be paid to the employees' association.

1 An employee of any local board of education who is a member of a domiciled
2 employees' association that has at least 40,000 members, the majority of whom are
3 public school teachers, may authorize in writing the periodic deduction each payroll
4 period from the employee's salary or wages a designated lump sum or sums to be paid
5 for dues and voluntary contributions for the employees' association.

6 An authorization under this subsection shall remain in effect until revoked by the
7 employee. A plan of payroll deductions pursuant to this subsection for employees of the
8 State and other association members shall become void if the employees' association
9 engages in collective bargaining with the State, any political subdivision of the State, or
10 any local school administrative unit. This subsection does not apply to county or
11 municipal governments or any local governmental unit, except for local boards of
12 education.

13 (h) Payroll Deduction for State Employees Combined Campaign Allowed. –
14 Subject to rules adopted by the State Controller, an employee of the State may
15 authorize, in writing, the periodic deduction from the employee's salary or wages paid
16 for employment by the State of a designated lump sum to be paid to satisfy the
17 employee's pledge to the State Employees Combined Campaign.

18 (i) Payroll Deduction for Public School and Community College Employees'
19 Contributions to Charitable Organizations Allowed. – Subject to rules adopted by the
20 State Controller, an employee of a local board of education or community college may
21 authorize, in writing, the periodic deduction from the employee's salary or wages paid
22 for employment by the board of education or community college of a designated lump
23 sum to be contributed to a qualified charitable organization that has first been approved
24 by the employee's board of education or community college board.

25 (j) Payroll Deduction for University of North Carolina System Employees'
26 Contributions to Certain Charitable Organizations Allowed. – Subject to rules adopted
27 by the State Controller, if a constituent institution of The University of North Carolina
28 approves a payroll deduction plan under this subsection, an employee of the constituent
29 institution may authorize, in writing, the periodic deduction from the employee's salary
30 or wages paid for employment by the constituent institution of a designated lump sum to
31 be contributed to a qualified charitable organization that exists to support athletic or
32 charitable programs of the constituent institution and that has first been approved by the
33 President of The University of North Carolina as existing to support athletic or
34 charitable programs. If a payroll deduction plan under this subsection results in
35 additional costs to a constituent institution, these costs shall be paid by the qualified
36 charitable organizations receiving contributions under the plan.

37 (k) Payroll Deduction for University of North Carolina System Employees to Pay
38 for Discretionary Privileges of University Service. – Subject to rules adopted by the
39 State Controller, if a constituent institution of The University of North Carolina
40 approves a payroll deduction plan under this subsection, an employee of the constituent
41 institution may authorize, in writing, the periodic deduction from the employee's salary
42 or wages paid for employment by the constituent institution, of one or more designated
43 lump sums to be applied to the cost of corresponding discretionary privileges available
44 at employee expense from the employing institution. Discretionary privileges from the

1 employing institution that may be paid for through this subsection include parking
2 privileges, athletic passes, use of recreational facilities, admission to campus concert
3 series, and access to other institutionally hosted or provided entertainments, events, and
4 facilities.

5 (l) Assignment of Payments From the Underground Storage Tank Cleanup
6 Funds. – This section does not apply to an assignment of any claim for payment or
7 reimbursement from the Commercial Leaking Petroleum Underground Storage Tank
8 Cleanup Fund established by G.S. 143-215.94B or the Noncommercial Leaking
9 Petroleum Underground Storage Tank Cleanup Fund established by G.S. 143-215.94D.

10 "Part 28C. Accounting Systems.

11 **"§ 143B-426.39B. Issuance of warrants upon State Treasurer; delivery of warrants**
12 **and disbursements for non-State entities.**

13 (a) The State Controller shall have the exclusive responsibility for the issuance of
14 all warrants for the payment of money upon the State Treasurer. All warrants upon the
15 State Treasurer shall be signed by the State Controller, who before issuing them shall
16 determine the legality of payment and the correctness of the accounts. All warrants
17 issued for non-State entities shall be delivered by the appropriate agency to the entity's
18 legally designated recipient by United States mail or its equivalent, including electronic
19 funds transfer.

20 When the State Controller finds it expedient to do so because of a State agency's size
21 and location, the State Controller may authorize a State agency to make expenditures
22 through a disbursing account with the State Treasurer. The State Controller shall
23 authorize the Judicial Department and the General Assembly to make expenditures
24 through such disbursing accounts. All disbursements made to non-State entities shall be
25 delivered by the appropriate agency to the entity's legally designated recipient by United
26 States mail or its equivalent, including electronic funds transfer. All deposits in these
27 disbursing accounts shall be by the State Controller's warrant. A copy of each voucher
28 making withdrawals from these disbursing accounts and any supporting data required
29 by the State Controller shall be forwarded to the Office of the State Controller monthly
30 or as otherwise required by the State Controller. Supporting data for a voucher making a
31 withdrawal from one of these disbursing accounts to meet a payroll shall include the
32 amount of the payroll and the employees whose compensation is part of the payroll.

33 A central payroll unit operating under the Office of the State Controller may make
34 deposits and withdrawals directly to and from a disbursing account. The disbursing
35 account shall constitute a revolving fund for servicing payrolls passed through the
36 central payroll unit.

37 The State Controller may use a facsimile signature machine in affixing his signature
38 to warrants.

39 (b) The State Treasurer may impose on an agency a fee of fifteen dollars (\$15.00)
40 for each check drawn against the agency's disbursing account that causes the balance in
41 the account to be in overdraft or while the account is in overdraft. The financial officer
42 shall pay the fee from non-State or personal funds to the General Fund to the credit of
43 the miscellaneous nontax revenue account by the agency.

44 **"§ 143B-426.39C. Annual financial information.**

1 Every fiscal year, all State agencies and component units of the State, as defined by
2 generally accepted accounting principles, shall prepare annual financial information on
3 all funds administered by them no later than 60 days after the end of the State's fiscal
4 year then ended in accordance with generally accepted accounting principles as
5 described in authoritative pronouncements and interpreted or prescribed by the State
6 Controller, and in the form and time frame required by the State Controller. The State
7 Controller shall publish guidelines specifying the procedures to implement the
8 necessary records, procedures, and accounting systems to reflect these statements on the
9 proper basis of accounting.

10 Accordingly, the State Controller shall combine the financial information for the
11 various agencies into a Comprehensive Annual Financial Report for the State of North
12 Carolina in accordance with generally accepted accounting principles. These statements,
13 along with the opinion of the State Auditor, shall be published as the official financial
14 statements of the State and shall be distributed to the Governor, the Office of State
15 Budget and Management, members of the General Assembly, heads of departments,
16 agencies, and institutions of the State, and other interested parties. The State Controller
17 shall notify the Director of the Budget of any State agencies and component units of the
18 State, as defined by generally accepted accounting principles, that have not complied
19 fully with the requirements of this section within the specified time, and the Director of
20 the Budget shall employ whatever means necessary, including the withholding of
21 allotments, to ensure immediate corrective actions."

22 **SECTION 10.** G.S. 7A-38.6(i) reads as rewritten:

23 "(i) The provisions of ~~G.S. 143-31.4~~ G.S. 143C-4-6 do not apply to community
24 mediation centers receiving State funds."

25 **SECTION 11.** G.S. 7A-775(a) reads as rewritten:

26 "(a) Each sentencing services program shall establish a sentencing services board
27 to provide direction and assistance to the sentencing services program in the
28 implementation and evaluation of the plan. Sentencing services boards may be
29 organized as nonprofit corporations under Chapter 55A of the General Statutes. The
30 sentencing services board shall consist of not less than 12 members, and shall include,
31 insofar as possible, judges, district attorneys, attorneys, social workers, law-enforcement
32 officers, probation officers, and other interested persons. The sentencing services board
33 shall meet on a regular basis, and its duties include, but are not limited to, the following:

34 (1) Preparation and submission of the sentencing services program plan to
35 the senior resident superior court judge and the Director annually, as
36 provided in G.S. 7A-772(a);

37 (1a) Development of an annual budget for the program;

38 (2) Hiring, firing, and evaluation of program personnel;

39 (3) Selection of board members;

40 (4) Arranging for an annual audit, in accordance with
41 ~~G.S. 143-6.1~~; G.S. 143C-6-13;

42 (5) Development of procedures for contracting for services."

43 **SECTION 12.** G.S. 17D-4(l) reads as rewritten:

1 "(l) All moneys received pursuant to this section shall be State funds as defined in
2 ~~G.S. 143-1~~.G.S. 143C-1-1."

3 **SECTION 13.** G.S. 18B-208 reads as rewritten:

4 "**§ 18B-208. ABC Commission bonds and funds.**

5 (a) Issuance of Bonds. – As a means of raising the funds needed from time to
6 time in the design, acquisition, construction, equipping, maintenance and operation of a
7 warehouse under G.S. 18B-204(a)(3), the Commission may, with the approval of the
8 ~~Governor after receiving the advice of the Advisory Budget Commission, Governor,~~ at
9 one time or from time to time issue negotiable revenue bonds of the Commission. The
10 issuance of revenue bonds shall not directly or indirectly or contingently obligate the
11 State to levy or to pledge any form of taxation or to make any appropriation for their
12 payment. Revenue bonds issued pursuant to this subsection shall be repaid from the
13 bailment surcharge as provided in subsection (b). These bonds and the income from
14 them are exempt from all taxation within the State.

15 (b) Special Fund. – A special fund in the office of the State Treasurer, the ABC
16 Commission Fund, is created. On and after November 1, 1982, all moneys derived from
17 the collection of bailment charges and bailment surcharges shall be deposited in the
18 ABC Commission Fund for the purpose of carrying out the provisions of this Chapter.
19 The ABC Commission Fund shall be subject to the provisions of the ~~Executive Budget~~
20 ~~Act~~State Budget Act except that no unexpended surplus of this fund shall revert to the
21 General Fund. The Commission shall fix the level of the bailment surcharges at an
22 amount calculated to cover operating expenses of the Commission and the retirement of
23 bonds issued for construction of a Commission warehouse and offices. Upon payment
24 of the bonds issued pursuant to this section, the Commission shall reduce the bailment
25 surcharge to an amount no greater than necessary to pay operating expenses of the
26 Commission as authorized by the General Assembly.

27 All moneys credited to the ABC Commission Fund shall be used to carry out the
28 intent and purposes of the ABC law in accordance with plans approved by the North
29 Carolina ABC Commission and the Director of the Budget, and all these funds are
30 appropriated, reserved, set aside, and made available until expended for the
31 administration of the ABC law."

32 **SECTION 14.** G.S. 20-79.5 reads as rewritten:

33 "**§ 20-79.5. Special registration plates for elected and appointed State government**
34 **officials.**

35 (a) Plates. – The State government officials listed in this section are eligible for a
36 special registration plate under G.S. 20-79.4. The plate shall bear the number designated
37 in the following table for the position held by the official.

Position	Number on Plate
Governor	1
Lieutenant Governor	2
Speaker of the House of Representatives	3
President Pro Tempore of the Senate	4
Secretary of State	5

1	State Auditor	6
2	State Treasurer	7
3	Superintendent of Public Instruction	8
4	Attorney General	9
5	Commissioner of Agriculture	10
6	Commissioner of Labor	11
7	Commissioner of Insurance	12
8	Speaker Pro Tempore of the House	13
9	Legislative Services Officer	14
10	Secretary of Administration	15
11	Secretary of Environment and Natural Resources	16
12	Secretary of Revenue	17
13	Secretary of Health and Human Services	18
14	Secretary of Commerce	19
15	Secretary of Correction	20
16	Secretary of Cultural Resources	21
17	Secretary of Crime Control and Public Safety	22
18	Secretary of Juvenile Justice and Delinquency Prevention	23
19	Governor's Staff	24-29
20	State Budget Officer	30
21	State Personnel Director	31
22	Advisory Budget Commission Nonlegislative Member	32-41
23	Chair of the State Board of Education	42
24	President of the U.N.C. System	43
25	Alcoholic Beverage Control Commission	44-46
26	Assistant Commissioners of Agriculture	47-48
27	Deputy Secretary of State	49
28	Deputy State Treasurer	50
29	Assistant State Treasurer	51
30	Deputy Commissioner for the Department of Labor	52
31	Chief Deputy for the Department of Insurance	53
32	Assistant Commissioner of Insurance	54
33	Deputies and Assistant to the Attorney General	55-65
34	Board of Economic Development Nonlegislative Member	66-88
35	State Ports Authority Nonlegislative Member	89-96
36	Utilities Commission Member	97-104
37	Post-Release Supervision and Parole Commission Member	105-109
38	State Board Member, Commission Member, or State	
39	Employee Not Named in List	110-200

40 (b) Designation. – When the table in subsection (a) designates a range of
 41 numbers for certain officials, the number given an official in that group shall be
 42 assigned. The Governor shall assign a number for members of the Governor's staff,
 43 ~~nonlegislative members of the Advisory Budget Commission,~~ nonlegislative members
 44 of the Board of Economic Development, nonlegislative members of the State Ports

1 Authority, members of State boards and commissions, and for State employees. The
2 Attorney General shall assign a number for the Attorney General's deputies and
3 assistants.

4 The first number assigned to the Alcoholic Beverage Control Commission is
5 reserved for the Chair of that Commission. The remaining numbers shall be assigned to
6 the Alcoholic Beverage Control Commission members on the basis of seniority. The
7 first number assigned to the Utilities Commission is reserved for the Chair of that
8 Commission. The remaining numbers shall be assigned to the Utilities Commission
9 members on the basis of seniority. The first number assigned to the Parole Commission
10 is reserved for the Chair of that Commission. The remaining numbers shall be assigned
11 to the Parole Commission members on the basis of seniority."

12 **SECTION 15.** G.S. 20-189 reads as rewritten:

13 **"§ 20-189. Patrolmen assigned to Governor's office.**

14 The Secretary of Crime Control and Public Safety, at the request of the Governor,
15 shall assign and attach two members of the State Highway Patrol to the office of the
16 Governor, there to be assigned such duties and perform such services as the Governor
17 may direct. The salary of the State highway patrolmen so assigned to the office of the
18 Governor shall be paid from appropriations made to the office of the Governor and shall
19 be fixed in an amount to be determined by the Governor. ~~Prior to taking any action~~
20 ~~under the previous sentence, the Governor may consult with the Advisory Budget~~
21 ~~Commission."~~

22 **SECTION 16.** G.S. 53-92(b) reads as rewritten:

23 "(b) The State Banking Commission, which has heretofore been created, shall
24 consist of the State Treasurer, who shall serve as an ex officio member thereof, 19
25 members appointed by the Governor, and two members appointed by the General
26 Assembly under G.S. 120-121, one of whom shall be appointed upon the
27 recommendation of the President Pro Tempore of the Senate and one of whom shall be
28 appointed upon the recommendation of the Speaker of the House of Representatives.
29 The Governor shall appoint five practical bankers, 11 persons selected primarily as
30 representatives of the borrowing public, and two chief executive officers of State
31 savings institutions. The person appointed by the General Assembly upon the
32 recommendation of the President Pro Tempore of the Senate shall be a practical banker.
33 The person appointed by the General Assembly upon the recommendation of the
34 Speaker of the House shall be a person selected primarily as a representative of the
35 borrowing public. The persons selected primarily as representatives of the borrowing
36 public shall not be employees or directors of any financial institution nor shall they have
37 any interest in any regulated financial institution other than as a result of being a
38 depositor or borrower. Under this section, no person shall be considered to have an
39 interest in a financial institution whose interest in any financial institution does not
40 exceed one-half of one percent (1/2 of 1%) of the capital stock of that financial
41 institution. These members of the Commission shall be selected so as to fully represent
42 the consumer, industrial, manufacturing, professional, business and farming interests of
43 the State. No person shall serve on the Commission for more than two complete
44 consecutive terms. As the terms of office of the appointive members of the Commission

1 expire, their successors shall be appointed by the person appointing them, for terms of
2 four years each. Any vacancy occurring in the membership of the Commission shall be
3 filled by the appropriate appointing officer for the unexpired term, except that vacancies
4 among members appointed by the General Assembly shall be filled in accordance with
5 G.S. 120-122. The appointed members of the Commission shall receive as
6 ~~compensation for their services the same per diem and expenses as is paid to the~~
7 ~~members of the Advisory Budget Commission.~~ subsistence and travel expenses at the
8 rates set forth in G.S. 120-3.1. ~~This compensation~~ The subsistence and travel expenses
9 shall be paid from the fees collected from the examination of banks as provided by
10 law."

11 **SECTION 17.** G.S. 53-245(b) reads as rewritten:

12 "(b) Scope. No person may individually or in conjunction or cooperation with
13 another person process, receive, or accept for delivery an application for a refund
14 anticipation loan or a check in payment of refund anticipation loan proceeds or in any
15 other manner facilitate the making of a refund anticipation loan unless the person has
16 complied with the provisions of this Article. In addition, ~~G.S. 143-3.3~~
17 G.S. 143B-426.39A prohibits refund anticipation loans repaid from refunds of North
18 Carolina tax."

19 **SECTION 18.** G.S. 62-302 reads as rewritten:

20 "**§ 62-302. Regulatory fee.**

21 (a) Fee Imposed. – It is the policy of the State of North Carolina to provide fair
22 regulation of public utilities in the interest of the public, as provided in G.S. 62-2. The
23 cost of regulating public utilities is a burden incident to the privilege of operating as a
24 public utility. Therefore, for the purpose of defraying the cost of regulating public
25 utilities, every public utility subject to the jurisdiction of the Commission shall pay a
26 quarterly regulatory fee, in addition to all other fees and taxes, as provided in this
27 section. The fees collected shall be used only to pay the expenses of the Commission
28 and the Public Staff in regulating public utilities in the interest of the public.

29 It is also the policy of the State to provide limited oversight of certain electric
30 membership corporations as provided in G.S. 62-53. Therefore, for the purpose of
31 defraying the cost of providing the oversight authorized by G.S. 62-53 and
32 G.S. 117-18.1, each fiscal year each electric membership corporation whose principal
33 purpose is to furnish or cause to be furnished bulk electric supplies at wholesale as
34 provided in G.S. 117-16 shall pay an annual fee as provided in this section.

35 (b) Public Utility Rate. –

36 (1) Repealed by Session Laws 2000-140, s. 56, effective July 21, 2000.

37 (2) The public utility regulatory fee for each fiscal year shall be the greater
38 of (i) a percentage rate, established by the General Assembly, of each
39 public utility's North Carolina jurisdictional revenues for each quarter
40 or (ii) six dollars and twenty-five cents (\$6.25) each quarter.

41 When the Commission prepares its budget request for the
42 upcoming fiscal year, the Commission shall propose a percentage rate
43 of the public utility regulatory fee. For fiscal years beginning in an
44 odd-numbered year, that proposed rate shall be included in the budget

1 message the Governor submits to the General Assembly pursuant to
2 ~~G.S. 143-11.~~ G.S. 143C-3-5. For fiscal years beginning in an
3 even-numbered year, that proposed rate shall be included in a special
4 budget message the Governor shall submit to the General Assembly.
5 The General Assembly shall set the percentage rate of the public utility
6 regulatory fee by law.

7 The percentage rate may not exceed the amount necessary to
8 generate funds sufficient to defray the estimated cost of the operations
9 of the Commission and the Public Staff for the upcoming fiscal year,
10 including a reasonable margin for a reserve fund. The amount of the
11 reserve may not exceed the estimated cost of operating the
12 Commission and the Public Staff for the upcoming fiscal year. In
13 calculating the amount of the reserve, the General Assembly shall
14 consider all relevant factors that may affect the cost of operating the
15 Commission or the Public Staff or a possible unanticipated increase or
16 decrease in North Carolina jurisdictional revenues.

17 (3) If the Commission, the Public Staff, or both experience a revenue
18 shortfall, the Commission shall implement a temporary public utility
19 regulatory fee surcharge to avert the deficiency that would otherwise
20 occur. In no event may the total percentage rate of the public utility
21 regulatory fee plus any surcharge established by the Commission
22 exceed twenty-five hundredths percent (0.25%).

23 (4) As used in this section, the term "North Carolina jurisdictional
24 revenues" means all revenues derived or realized from intrastate
25 tariffs, rates, and charges approved or allowed by the Commission or
26 collected pursuant to Commission order or rule, but not including
27 tap-on fees or any other form of contributions in aid of construction.

28 (b1) Electric Membership Corporation Rate. – The electric membership
29 corporation regulatory fee for each fiscal year shall be a dollar amount as established by
30 the General Assembly by law.

31 When the Commission prepares its budget request for the upcoming fiscal year, the
32 Commission shall propose the amount of the electric membership corporation
33 regulatory fee. For fiscal years beginning in an odd-numbered year, the proposed
34 amount shall be included in the budget message the Governor submits to the General
35 Assembly pursuant to ~~G.S. 143-11.~~ G.S. 143C-3-5. For fiscal years beginning in an
36 even-numbered year, the proposed amount shall be included in a special budget
37 message the Governor shall submit to the General Assembly.

38 The amount of the electric membership corporation regulatory fee proposed by the
39 Commission may not exceed the amount necessary to defray the estimated cost of the
40 operations of the Commission and the Public Staff for the regulation of the electric
41 membership corporations in the upcoming fiscal year, including a reasonable margin for
42 a reserve fund. The amount of the reserve may not exceed the estimated cost of the
43 Commission and the Public Staff for the regulation of the electric membership
44 corporations for the upcoming fiscal year.

1 (c) When Due. – The electric membership corporation regulatory fee imposed
2 under this section shall be paid in quarterly installments. The fee is due and payable to
3 the Commission on or before the 15th day of the second month following the end of
4 each quarter.

5 The public utility regulatory fee imposed under this section is due and payable to the
6 Commission on or before the 15th day of the second month following the end of each
7 quarter. Every public utility subject to the public utility regulatory fee shall, on or before
8 the date the fee is due for each quarter, prepare and render a report on a form prescribed
9 by the Commission. The report shall state the public utility's total North Carolina
10 jurisdictional revenues for the preceding quarter and shall be accompanied by any
11 supporting documentation that the Commission may by rule require. Receipts shall be
12 reported on an accrual basis.

13 If a public utility's report for the first quarter of any fiscal year shows that
14 application of the percentage rate would yield a quarterly fee of twenty-five dollars
15 (\$25.00) or less, the public utility shall pay an estimated fee for the entire fiscal year in
16 the amount of twenty-five dollars (\$25.00). If, after payment of the estimated fee, the
17 public utility's subsequent returns show that application of the percentage rate would
18 yield quarterly fees that total more than twenty-five dollars (\$25.00) for the entire fiscal
19 year, the public utility shall pay the cumulative amount of the fee resulting from
20 application of the percentage rate, to the extent it exceeds the amount of fees, other than
21 any surcharge, previously paid.

22 (d) Use of Proceeds. – A special fund in the office of State Treasurer, the Utilities
23 Commission and Public Staff Fund, is created. The fees collected pursuant to this
24 section and all other funds received by the Commission or the Public Staff, except for
25 the clear proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the clear
26 proceeds of funds forfeited pursuant to G.S. 62-310(a), shall be deposited in the Utilities
27 Commission and Public Staff Fund. The Fund shall be placed in an interest bearing
28 account and any interest or other income derived from the Fund shall be credited to the
29 Fund. Moneys in the Fund shall only be spent pursuant to appropriation by the General
30 Assembly.

31 The Utilities Commission and Public Staff Fund shall be subject to the provisions of
32 the ~~Executive Budget Act~~ State Budget Act except that no unexpended surplus of the
33 Fund shall revert to the General Fund. All funds credited to the Utilities Commission
34 and Public Staff Fund shall be used only to pay the expenses of the Commission and the
35 Public Staff in regulating public utilities in the interest of the public as provided by this
36 Chapter and in regulating electric membership corporations as provided in
37 G.S. 117-18.1.

38 The clear proceeds of civil penalties collected pursuant to G.S. 62-50(d) and the
39 clear proceeds of funds forfeited pursuant to G.S. 62-310(a) shall be remitted to the
40 Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

41 **SECTION 19.** G.S. 62A-22(d) reads as rewritten:

42 "(d) Consistent with the provisions of ~~G.S. 143-3.2~~, G.S. 143B-426.39B, the
43 Board shall disburse the revenues remitted to the Wireless Fund in the manner set forth
44 in G.S. 62A-25. The Board shall establish procedures for disbursement of these

1 revenues and advise the CMRS providers and eligible counties of such procedures
2 within 60 days after all members are appointed pursuant to G.S. 62A-22(a)."

3 **SECTION 20.** G.S. 74-24.6 reads as rewritten:

4 "**§ 74-24.6. Advisory Council.**

5 (a) The Commissioner shall appoint an Advisory Council consisting of 11
6 members to assist him in the development of safety and health standards for mines
7 which are subject to this Article and to advise him on matters relating to safety and
8 health in such mines. Said Advisory Council shall include three members expressly
9 qualified by experience and affiliation to present the viewpoint of operators of such
10 mines, three persons similarly qualified to present the viewpoint of workers in such
11 mines, and five members of the public sector with knowledge of mining operations or
12 associated health and safety aspects thereof. The Commissioner of Labor shall annually
13 designate one member to act as chairman. The members of the Advisory Council shall
14 serve at the pleasure of the Commissioner and shall have no specific term of office.

15 (b) The Advisory Council shall hold not fewer than two meetings during each
16 calendar year, and said meetings shall be open to the public. The Commissioner shall
17 furnish to the Advisory Council such secretarial, clerical, and other services as he deems
18 necessary to conduct its business.

19 (c) The members of the Advisory Council shall be compensated for travel
20 expenses and per diem as authorized by the ~~Advisory Budget Commission~~
21 Commissioner in accordance with those amounts paid to State boards under Chapter
22 138 of the General Statutes.

23 (d) The Commissioner may from time to time select representatives of
24 professional organizations of technicians, professional persons specializing in
25 occupational safety and health, and representatives of State agencies who by experience
26 and affiliation are qualified to present the viewpoint of operators of mines and workers
27 in mines to assist the Advisory Council in performing its duties. Such persons, except
28 State employees, selected for temporary purposes may be paid such per diem and travel
29 expenses for attending meetings as may be fixed by the ~~Advisory Budget Commission~~
30 ~~and recommended by the Commissioner.~~"

31 **SECTION 21.** G.S. 95-135(c) reads as rewritten:

32 "(c) The Board shall meet at least once each calendar quarter but it may hold call
33 meetings or hearings upon at least three days' notice to each member by the chairman
34 and at such time and place as the chairman may fix. The chairman shall be responsible
35 on behalf of the Board for the administrative operations of the Board and shall appoint
36 such hearing examiners and other employees as he deems necessary to assist in the
37 performance of the Board's functions and fix the compensation of such employees with
38 the approval of the Governor. The assignment and removal of hearing examiners shall
39 be made by the Board, and any hearing examiner may be removed for misfeasance,
40 malfeasance, misconduct, immoral conduct, incompetency, the commission of any
41 crime, or for any other good and adequate reason as found by the Board. The Board
42 shall give notice to such hearing examiner, along with written allegations as to the
43 charges against him, and the same shall be heard by the Board, and its decision shall be
44 final. The compensation of the members of the Board shall be on a per diem basis and

1 shall be fixed by the Governor. The chairman of the Board may be paid a higher rate of
2 compensation than the other two members of the Board. For the purpose of carrying out
3 its duties and functions under this Article, two members of the Board shall constitute a
4 quorum and official action can be taken only on the affirmative vote of at least two
5 members of the Board. On matters properly before the Board the chairman may issue
6 temporary orders, subpoenas, and other temporary types of orders subject to the
7 subsequent review of the Board. The issuance of subpoenas, orders to take depositions,
8 orders requiring interrogatories and other procedural matters of evidence issued by the
9 chairman shall not be subject to review. ~~Prior to taking any action under this subsection~~
10 ~~to set compensation, the Governor may consult with the Advisory Budget Commission."~~

11 **SECTION 22.** G.S. 96-5 reads as rewritten:

12 **"§ 96-5. Employment Security Administration Fund.**

13 (a) Special Fund. – There is hereby created in the State treasury a special fund to
14 be known as the Employment Security Administration Fund. All moneys which are
15 deposited or paid into this fund shall be continuously available to the Commission for
16 expenditure in accordance with the provisions of this Chapter, and shall not lapse at any
17 time or be transferred to any other fund. The Employment Security Administration
18 Fund, except as otherwise provided in this Chapter, shall be subject to the provisions of
19 the ~~Executive Budget Act (G.S. 143-1 et seq.)~~ State Budget Act (Chapter 143C of the
20 General Statutes) and the Personnel Act (G.S. 126-1 et seq.). All moneys in this fund
21 which are received from the federal government or any agency thereof or which are
22 appropriated by this State for the purpose described in G.S. 96-20 shall be expended
23 solely for the purposes and in the amounts found necessary by the Secretary of Labor
24 for the proper and efficient administration of this Chapter. The fund shall consist of all
25 moneys appropriated by this State, all moneys received from the United States of
26 America, or any agency thereof, including the Secretary of Labor, and all moneys
27 received from any other source for such purpose, and shall also include any moneys
28 received from any agency of the United States or any other state as compensation for
29 services or facilities supplied to such agency, any amounts received pursuant to any
30 surety bond or insurance policy or from other sources for losses sustained by the
31 Employment Security Administration Fund or by reason of damage to equipment or
32 supplies purchased from moneys in such fund, and any proceeds realized from the sale
33 or disposition of any such equipment or supplies which may no longer be necessary for
34 the proper administration of this Chapter: Provided, any interest collected on
35 contributions and/or penalties collected pursuant to this Chapter shall be paid into the
36 Special Employment Security Administration Fund created by subsection (c) of this
37 section. All moneys in this fund shall be deposited, administered, and disbursed in the
38 same manner and under the same conditions and requirements as is provided by law for
39 other special funds in the State treasury, and shall be maintained in a separate account
40 on the books of the State treasury. The State Treasurer shall be liable on his official
41 bond for the faithful performance of his duties in connection with the Employment
42 Security Administration Fund provided for under this Chapter. Such liability on the
43 official bond shall be effective immediately upon the enactment of this provision, and
44 such liability shall exist in addition to any liability upon any separate bond existent on

1 the effective date of this provision, or which may be given in the future. All sums
2 recovered on any surety bond for losses sustained by the Employment Security
3 Administration Fund shall be deposited in said fund.

4 (b) Replacement of Funds Lost or Improperly Expended. – If any moneys
5 received from the Secretary of Labor under Title III of the Social Security Act, or any
6 unencumbered balances in the Employment Security Administration Fund or any
7 moneys granted to this State pursuant to the provisions of the Wagner-Peyser Act, or
8 any moneys made available by this State or its political subdivisions and matched by
9 such moneys granted to this State pursuant to the provisions of the Wagner-Peyser Act,
10 are found by the Secretary of Labor, because of any action or contingency, to have been
11 lost or expended for purposes other than, or in amounts in excess of those found
12 necessary by the Secretary of Labor for the proper administration of this Chapter, it is
13 the policy of this State that such moneys, not available from the Special Employment
14 Security Administration Fund established by subsection (c) of this section, shall be
15 replaced by moneys appropriated for such purpose from the general funds of this State
16 to the Employment Security Administration Fund for expenditure as provided in
17 subsection (a) of this section. Upon receipt of notice of such a finding by the Secretary
18 of Labor, the Commission shall promptly pay from the Special Employment Security
19 Administration Fund such sum if available in such fund; if not available, it shall
20 promptly report the amount required for such replacement to the Governor and the
21 Governor shall, at the earliest opportunity, submit to the legislature a request for the
22 appropriation of such amount.

23 (c) There is hereby created in the State treasury a special fund to be known as the
24 Special Employment Security Administration Fund. All interest and penalties,
25 regardless of when the same became payable, collected from employers under the
26 provisions of this Chapter subsequent to June 30, 1947 as well as any appropriations of
27 funds by the General Assembly, shall be paid into this fund. No part of said fund shall
28 be expended or available for expenditure in lieu of federal funds made available to the
29 Commission for the administration of this Chapter. Said fund shall be used by the
30 Commission for the payment of costs and charges of administration which are found by
31 the Secretary of Labor not to be proper and valid charges payable out of any funds in
32 the Employment Security Administration Fund received from any source and shall also
33 be used by the Commission for: (i) extensions, repairs, enlargements and improvements
34 to buildings, and the enhancement of the work environment in buildings used for
35 Commission business; (ii) the acquisition of real estate, buildings and equipment
36 required for the expeditious handling of Commission business; and (iii) the temporary
37 stabilization of federal funds cash flow. The Employment Security Commission may
38 use funds either from the Special Employment Security Commission Administration
39 Fund created by this subsection or from federal funds, or from a combination of the two,
40 to offset the costs of compliance with Article 7A [of Chapter 163] of the General
41 Statutes of North Carolina or compliance with P.L. 103-31. Refunds of interest
42 allowable under G.S. 96-10, subsection (e) shall be made from this special fund:
43 Provided, such interest was deposited in said fund: Provided further, that in those cases
44 where an employer takes credit for a previous overpayment of interest on contributions

1 due by such employer pursuant to G.S. 96-10, subsection (e), that the amount of such
2 credit taken for such overpayment of interest shall be reimbursed to the Unemployment
3 Insurance Fund from the Special Employment Security Administration Fund. The
4 Special Employment Security Administration Fund, except as otherwise provided in this
5 Chapter, shall be subject to the provisions of the ~~Executive Budget Act (G.S. 143-1 et~~
6 ~~seq.)~~ State Budget Act (Chapter 143C of the General Statutes) and the Personnel Act
7 (G.S. 126-1 et seq.). All moneys in this fund shall be deposited, administered, and
8 disbursed in the same manner and under the same conditions and requirements as is
9 provided by law for other special funds in the State treasury, and shall be maintained in
10 a separate account on the books of the State treasury. The State Treasurer shall be liable
11 on his official bond for the faithful performance of his duties in connection with the
12 Special Employment Security Administration Fund provided for under this Chapter.
13 Such liability on the official bond shall be effective immediately upon the enactment of
14 this provision, and such liability shall exist in addition to any liability upon any separate
15 bond existent on the effective date of this provision, or which may be given in the
16 future. All sums recovered on any surety bond for losses sustained by the Special
17 Employment Security Administration Fund shall be deposited in said fund. The moneys
18 in the Special Employment Security Administration Fund shall be continuously
19 available to the Commission for expenditure in accordance with the provisions of this
20 section.

21 (c1) The Employment Security Commission shall report to the Joint Legislative
22 Commission on Governmental Operations and to the Fiscal Research Division no later
23 than April 1 of every year as to how the funds authorized to be used by Session Laws
24 1995, (Regular Session, 1996), c. 608 were expended.

25 (d) The other provisions of this section and G.S. 96-6, to the contrary
26 notwithstanding, the Commission is authorized to requisition and receive from its
27 account in the unemployment trust fund in the treasury of the United States of America,
28 in the manner permitted by federal law, such moneys standing to its credit in such fund,
29 as are permitted by federal law to be used for expense of administering this Chapter and
30 to expend such moneys for such purpose, without regard to a determination of necessity
31 by a federal agency. The State Treasurer shall be treasurer and custodian of the amounts
32 of money so requisitioned. Such moneys shall be deposited, administered, and disbursed
33 in the same manner and under the same conditions and requirements as are provided by
34 law for other special funds in the State treasury.

35 (e) **Reed Bill Fund Authorization.** – Subject to a specific appropriation by the
36 General Assembly of North Carolina to the Employment Security Commission out of
37 funds credited to and held in this State's account in the Unemployment Trust Fund by
38 the Secretary of the Treasury of the United States pursuant to and in accordance with
39 section 903 of the Social Security Act, the Commission is authorized to utilize such
40 funds for the administration of the Employment Security Law, including personal
41 services, operating and other expenses incurred in the administration of said law, as well
42 as for the purchase or rental, either or both, of offices, lands, buildings or parts of
43 buildings, fixtures, furnishings, equipment, supplies and the construction of buildings or
44 parts of buildings, suitable for use in this State by the Employment Security

1 Commission, and for the payment of expenses incurred for the construction,
2 maintenance, improvements or repair of, or alterations to, such real or personal
3 property. Provided, that any such funds appropriated by the General Assembly shall not
4 exceed the amount in the Unemployment Trust Fund which may be obligated for
5 expenditure for such purposes; and provided that said funds shall not be obligated for
6 expenditure, as herein provided, after the close of the two-year period which begins on
7 the effective date of the appropriation.

8 (f) Employment Security Commission Reserve Fund. – There is created in the
9 State treasury a special trust fund, separate and apart from all other public moneys or
10 funds of this State, to be known as the Employment Security Commission Reserve
11 Fund, hereinafter "Reserve Fund". Part of the proceeds from the tax on contributions
12 imposed in G.S. 96-9(b)(3)j shall be credited to the Reserve Fund, as specified in that
13 statute. The moneys in the Reserve Fund may be used by the Commission for loans to
14 the Unemployment Insurance Fund, as security for loans from the federal
15 Unemployment Insurance Trust Fund, and to pay any interest required on advances
16 under Title XII of the Social Security Act, and shall be continuously available to the
17 Commission for expenditure in accordance with the provisions of this section. The State
18 Treasurer shall be ex officio the treasurer and custodian and shall invest said moneys in
19 accordance with existing law as well as rules and regulations promulgated pursuant
20 thereto. Furthermore, the State Treasurer shall disburse the moneys in accordance with
21 the directions of the Commission and in accordance with such regulations as the
22 Commission may prescribe.

23 Administrative costs for the collection of the tax and interest payable to the Reserve
24 Fund shall be borne by the Special Employment Security Administration Fund.

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

- 28 (1) Fund programs, specifically for the benefit of unemployed workers or
29 workers who have received notice of long-term layoff or permanent
30 unemployment, which will enhance the employability of workers,
31 including, but not limited to, adult basic education, adult high school
32 or equivalency programs, occupational skills training programs,
33 assessment, job counseling and placement programs;
- 34 (2) Continue operation of local Employment Security Commission offices
35 throughout the State; or
- 36 (3) Provide refunds to employers.

37 The use of funds from the Worker Training Trust Fund, for the purposes set out in
38 the above paragraph, shall be pursuant to appropriations in the Current Operations
39 Appropriations Act. Funds appropriated from the Worker Training Trust Fund that are
40 unexpended and unencumbered at the end of the fiscal year for which they are
41 appropriated shall revert to the State treasury to the credit of the Worker Training Trust
42 Fund in accordance with ~~G.S. 143-18~~G.S. 143C-1-2.

43 (g) Notwithstanding subsection (f) of this section, the State Treasurer may invest
44 not more than a total of twenty-five million dollars (\$25,000,000) of funds in the

1 Employment Security Commission Reserve Fund established under subsection (f) of
2 this section in securities issued by the North Carolina Technological Development
3 Authority, Inc., the proceeds for which are directed to support investment in venture
4 capital funds. The State Treasurer shall report to the Joint Legislative Commission on
5 Governmental Operations and the Fiscal Research Division on October 1 and March 1
6 of each fiscal year on investments made pursuant to this subsection."

7 **SECTION 23.** G.S. 96-6 reads as rewritten:

8 **"§ 96-6. Unemployment Insurance Fund.**

9 (a) Establishment and Control. – There is hereby established as a special fund,
10 separate and apart from all public moneys or funds of this State, an Unemployment
11 Insurance Fund, which shall be administered by the Commission exclusively for the
12 purposes of this Chapter. This fund shall consist of:

- 13 (1) All contributions collected under this Chapter, together with any
14 interest earned upon any moneys in the fund;
- 15 (2) Any property or securities acquired through the use of moneys
16 belonging to the fund;
- 17 (3) All earnings of such property or securities;
- 18 (4) Any moneys received from the federal unemployment account in the
19 unemployment trust fund in accordance with Title XII of the Social
20 Security Act as amended;
- 21 (5) All moneys credited to this State's account in the Unemployment Trust
22 Fund pursuant to section 903 of Title IX of the Social Security Act, as
23 amended, (U.S.C.A. Title 42, sec. 1103 (a));
- 24 (6) All moneys paid to this State pursuant to section 204 of the
25 Federal-State Extended Unemployment Compensation Act of 1970;
- 26 (7) Reimbursement payments in lieu of contributions.

27 All moneys in the fund shall be commingled and undivided.

28 (b) Accounts and Deposit. – The State Treasurer shall be ex officio the treasurer
29 and custodian of the fund who shall disburse such fund in accordance with the
30 directions of the Commission and in accordance with such regulations as the
31 Commission shall prescribe. He shall maintain within the fund three separate accounts:

- 32 (1) A clearing account,
- 33 (2) An unemployment trust fund account, and
- 34 (3) A benefit account.

35 All moneys payable to the fund, upon receipt thereof by the Commission, shall be
36 forwarded immediately to the treasurer who shall immediately deposit them in the
37 clearing account. Refunds payable pursuant to G.S. 96-10 may be paid from the clearing
38 account upon warrants issued upon the treasurer as provided in ~~G.S. 143-3.2~~
39 G.S. 143B-426.39B under the requisition of the Commission. After clearance thereof,
40 all other moneys in the clearing account shall be immediately deposited with the
41 secretary of the treasury of the United States of America to the credit of the account of
42 this State in the unemployment trust fund, established and maintained pursuant to
43 section 904 of the Social Security Act, as amended, any provision of law in this State
44 relating to the deposit, administration, release, or disbursement of moneys in the

1 possession or custody of this State to the contrary notwithstanding. The benefit account
2 shall consist of all moneys requisitioned from this State's account in the unemployment
3 trust fund. Moneys in the clearing and benefit accounts may be deposited by the
4 treasurer, under the direction of the Commission, in any bank or public depository in
5 which general funds of the State may be deposited, but no public deposit insurance
6 charge or premium shall be paid out of the fund. The State Treasurer shall be liable on
7 his official bond for the faithful performance of his duties in connection with the
8 unemployment insurance fund provided for under this Chapter. Such liability on the
9 official bond shall be effective immediately upon the enactment of this provision, and
10 such liability shall exist in addition to any liability upon any separate bond existent on
11 the effective date of this provision, or which may be given in the future. All sums
12 recovered on any surety bond for losses sustained by the unemployment insurance fund
13 shall be deposited in said fund.

14 (c) Withdrawals. – Moneys shall be requisitioned from this State's account in the
15 unemployment trust fund solely for the payment of benefits (including extended
16 benefits) and in accordance with regulations prescribed by the Commission. The
17 Commission shall, from time to time, requisition from the unemployment trust fund
18 such amounts, not exceeding the accounts standing to its account therein, as it deems
19 necessary for the payment of benefits for a reasonable future period. Upon receipt
20 thereof the treasurer shall deposit such moneys in the benefit account and shall pay all
21 warrants drawn thereon as provided in ~~G.S. 143-3.2~~ G.S. 143B-426.39B and
22 requisitioned by the Commission for the payment of benefits solely from such benefit
23 account. Expenditures of such moneys in the benefit account and refunds from the
24 clearing account shall not be subject to approval of the Budget Bureau or any provisions
25 of law requiring specific appropriations or other formal release by State officers of
26 money in their custody. All warrants issued upon the treasurer for the payment of
27 benefits and refunds shall be issued as provided in ~~G.S. 143-3.2~~ G.S. 143B-426.39B as
28 requisitioned by the chairman of the Commission or a duly authorized agent of the
29 Commission for that purpose. Any balance of moneys requisitioned from the
30 unemployment trust fund which remains unclaimed or unpaid in the benefit account
31 after the expiration of the period for which such sums were requisitioned shall either be
32 deducted from estimates for, and may be utilized for the payment of, benefits during
33 succeeding periods, or, in the discretion of the Commission, shall be redeposited with
34 the Secretary of the Treasury of the United States of America, to the credit of this State's
35 account in the unemployment trust fund, as provided in subsection (b) of this section.

36 (d) Management of Funds upon Discontinuance of Unemployment Trust Fund. –
37 The provisions of subsections (a), (b), and (c), to the extent that they relate to the
38 unemployment trust fund, shall be operative only so long as such unemployment trust
39 fund continues to exist, and so long as the Secretary of the Treasury of the United States
40 of America continues to maintain for this State a separate book account of all funds
41 deposited therein by this State for benefit purposes, together with this State's
42 proportionate share of the earnings of such unemployment trust fund, from which no
43 other state is permitted to make withdrawals. If and when such unemployment trust fund
44 ceases to exist, or such separate book account is no longer maintained, all moneys,

1 properties, or securities therein belonging to the Unemployment Insurance Fund of this
2 State shall be transferred to the treasurer of the Unemployment Insurance Fund, who
3 shall hold, invest, transfer, sell, deposit, and release such moneys, properties, or
4 securities in a manner approved by the Commission, in accordance with the provisions
5 of this Chapter: Provided, that such moneys shall be invested in the following readily
6 marketable classes of securities: Bonds or other interest-bearing obligations of the
7 United States of America or such investments as are now permitted by law for sinking
8 funds of the State of North Carolina; and provided further, that such investment shall at
9 all times be so made that all the assets of the fund shall always be readily convertible
10 into cash when needed for the payment of benefits. The treasurer shall dispose of
11 securities or other properties belonging to the Unemployment Insurance Fund only
12 under the direction of the Commission.

13 (e) Benefits shall be deemed to be due and payable under this Chapter only to the
14 extent provided in this Chapter and to the extent that moneys are available therefor to
15 the credit of the Unemployment Insurance Fund, and neither the State nor the
16 Commission shall be liable for any amount in excess of such sums.

17 (f) Any interest required to be paid on advances under Title XII of the Social
18 Security Act shall be paid in a timely manner and shall not be paid, directly or
19 indirectly, from amounts in the Unemployment Insurance Fund."

20 **SECTION 24.** G.S. 96-6.1(b) reads as rewritten:

21 "(b) Training and Employment Account. – There is created in the State treasury a
22 special account separate and apart from all other public moneys or funds of this State, to
23 be known as the Employment Security Commission Training and Employment
24 Account. The State Treasurer is ex officio the treasurer and custodian of the Account
25 and shall invest its funds in accordance with law. Any interest or other income derived
26 from the Account shall be credited to the Account. Funds in the Account may be spent
27 only pursuant to appropriation by the General Assembly and in accordance with the line
28 item budget enacted by the General Assembly. The Account is subject to the provisions
29 of the ~~Executive Budget Act, State Budget Act~~, except that no unexpended surplus of the
30 Account shall revert to the General Fund. Funds appropriated from the Account that are
31 unexpended and unencumbered at the end of the fiscal year for which they were
32 appropriated shall revert to the credit of the Account in the State treasury in accordance
33 with ~~G.S. 143-18~~. G.S. 143C-1-2.

34 It is the intent of the General Assembly that eighty percent (80%) of the funds in the
35 Account shall be appropriated annually to the Department of Community Colleges to be
36 used for nonrecurring expenditures to provide worker training through improved
37 continuing education, acquisition of modern training equipment, operation of
38 specialized training centers, enhancement of small business center training, expansion
39 of training for new and expanding industries, incentive grants for incumbent worker
40 training, programs funded by the Worker Training Trust Fund, and other programs of
41 the Department of Community Colleges. It is the intent of the General Assembly that
42 twenty percent (20%) of the funds in the Account shall be appropriated annually to the
43 Employment Security Commission for administration and collection of the training and

1 reemployment contribution and for nonrecurring expenditures for reemployment
2 services."

3 **SECTION 25.** G.S. 106-65.88(g) reads as rewritten:

4 "(g) For the purposes of the ~~Executive Budget Act, G.S. 143-1 et seq., State~~
5 ~~Budget Act, Chapter 143C of the General Statutes~~ the assessments collected by the
6 Department under this Article shall not be 'State funds'."

7 **SECTION 26.** G.S. 108A-88 reads as rewritten:

8 "**§ 108A-88. Determination of State and county financial participation.**

9 Before February 15 of each year, the Secretary shall notify the county board of
10 commissioners, the county manager, the director of social services, and the director of
11 public health of each county of the amount of State and federal moneys estimated to be
12 available, as best can be determined, to that county for programs of public assistance,
13 social services, public health, and related administrative costs, as well as the percentage
14 of county participation expected to be required for the budget for the succeeding fiscal
15 year. In odd-numbered years, in making such notification, the Secretary shall notify the
16 counties of any changes in funding levels, formulas, or programs relating to public
17 assistance and public health proposed by the Governor to the General Assembly in the
18 proposed budget and budget report submitted under the ~~Executive Budget Act.~~State
19 Budget Act. Counties shall be notified of additional changes in the proposed budget of
20 the Governor and the ~~Advisory Budget Commission~~ that are made by the General
21 Assembly or the United States Congress subsequent to the February 15 estimates."

22 **SECTION 27.** G.S. 113-258 reads as rewritten:

23 "**§ 113-258. Commission subject to provisions of ~~Executive Budget Act.~~State**
24 **Budget Act.**

25 The Atlantic States Marine Fisheries Commission of the State of North Carolina
26 shall be subject to all the terms and provisions of the ~~Executive Budget Act, Article 1 of~~
27 ~~Chapter 143~~ State Budget Act, Chapter 143C of the General Statutes of North
28 Carolina."

29 **SECTION 28.** G.S. 113-315.31(a) reads as rewritten:

30 "(a) As a means of raising the funds needed from time to time in the acquisition,
31 construction, equipment, maintenance and operation of any facility, building, structure,
32 or any other matter or thing which the Authority is herein authorized to acquire,
33 construct, equip, maintain, or operate, all or any of them, the said Authority is hereby
34 authorized at one time or from time to time to issue with the approval of the Governor
35 negotiable revenue bonds of the Authority. The principal and interest of revenue bonds
36 shall be payable solely from the revenue to be derived from the operation of all or any
37 part of its properties and facilities. ~~Prior to taking any action under this subsection, the~~
38 ~~Governor may consult with the Advisory Budget Commission."~~

39 **SECTION 29.** G.S. 113A-193(b) reads as rewritten:

40 "(b) The Secretary of Environment and Natural Resources shall:

- 41 (1) Provide to the Secretary, Department of Revenue, lists of processors
42 subject to the assessment;

- 1 (2) Advise the Secretary, Department of Revenue, of the appropriate
2 methods to convert measurements of primary forest products by other
3 systems to those authorized in this Article;
- 4 (3) Establish in November prior to those sessions in which the General
5 Assembly considers the State budget, the estimated total assessment
6 that will be collectible in the next budget period and so inform the
7 ~~Advisory Budget Commission and the~~ General Assembly;
- 8 (4) Within 30 days of certification of the State budget, notify the
9 Secretary, Department of Revenue, of the need to collect the
10 assessment for those years covered by the approved budget.
- 11 (5) By January 15 of each odd-numbered year, report to the General
12 Assembly on the number of acres reforested, type of owners assisted,
13 geographic distribution of funds, the amount of funds encumbered and
14 other matters. The report shall include the information by forestry
15 district and statewide and shall be for the two fiscal years prior to the
16 date of the report."

17 **SECTION 30.** G.S. 115C-12(1a) reads as rewritten:

18 **"§ 115C-12. Powers and duties of the Board generally.**

19 The general supervision and administration of the free public school system shall be
20 vested in the State Board of Education. The State Board of Education shall establish
21 policy for the system of free public schools, subject to laws enacted by the General
22 Assembly. The powers and duties of the State Board of Education are defined as
23 follows:

24 ...

- 25 (1a) To Submit a Budget Request to the Director of the Budget. – The
26 Board shall submit a budget request to the Director of the Budget in
27 accordance with ~~G.S. 143-6.~~ G.S. 143C-3-3. In addition to the
28 information requested by the Director of the Budget, the Board shall
29 provide an analysis relating each of its requests for expansion funds to
30 anticipated improvements in student performance."

31 **SECTION 31.** G.S. 115C-106(a) reads as rewritten:

32 "(a) The General Assembly of North Carolina hereby declares that the policy of
33 the State is to ensure every child a fair and full opportunity to reach his full potential
34 and that no child as defined in this section and in G.S. 115C-122 shall be excluded from
35 service or education for any reason whatsoever. This policy shall be the practice of the
36 State for children from birth through age 21 and the State requires compliance by all
37 local education agencies and local school administrative units, all local human services
38 agencies including, but not limited to, local health departments, local social service
39 departments, community mental health centers and all State departments, agencies,
40 institutions except institutions of higher education, and private providers which are
41 recipients of general funds as these funds are defined in ~~G.S. 143-1.~~ G.S. 143C-1-1."

42 **SECTION 32.** G.S. 115C-243(f) reads as rewritten:

43 "(f) Before any agreement under this section may be signed, the State Board of
44 Education shall adopt a uniform schedule of charges for the use of buses under this

1 section. Such schedule shall include a charge by the hour and by the mile which shall
2 cover all costs both fixed and variable, including depreciation, gasoline, fuel, labor,
3 maintenance, and insurance. The schedule may be amended by the State Board of
4 Education. The schedule of charges adopted by the local board of education under
5 subsection (c) may vary from the State schedule only to cover changes in wages. ~~Prior~~
6 ~~to taking any action under this subsection, the State Board of Education may consult~~
7 ~~with the Advisory Budget Commission."~~

8 **SECTION 33.** G.S. 115C-290.5 reads as rewritten:

9 **"§ 115C-290.5. Powers and duties of the Board; development of the North**
10 **Carolina Public School Administrator Exam.**

11 (a) The State Board of Education shall administer this Article. In fulfilling this
12 duty, the Board shall:

13 (1) In accordance with subsection (c) of this section, develop and
14 implement a North Carolina Public School Administrator Exam.

15 (2) Establish and collect an application fee not to exceed fifty dollars
16 (\$50.00). Fees collected under this Article shall be credited to the
17 General Fund as nontax revenue.

18 (3) Review the educational achievements of an applicant to take the exam
19 to determine whether the achievements meet the requirements set by
20 G.S. 115C-290.7.

21 (4) Repealed by Session Laws 2001-424, s. 28.25(d).

22 (5) Maintain accounts and records in accordance with the ~~Executive~~
23 ~~Budget Act, Article 1 of Chapter 143 of the General Statutes.~~State
24 Budget Act, Chapter 143C of the General Statutes.

25 (6) Adopt rules in accordance with Chapter 150B of the General Statutes
26 to implement this Article.

27 (7) Repealed by Session Laws 2001-424, s. 28.25(d).

28 (b), (c) Repealed by Session Laws 2001-424, s. 28.25(d)."

29 **SECTION 34.** G.S. 115C-423 reads as rewritten:

30 **"§ 115C-423. Definitions.**

31 The words and phrases defined in this section have the meanings indicated when
32 used in this Article, unless the context clearly requires another meaning:

33 (1) "Budget" is a plan proposed by a board of education for raising and
34 spending money for specified school programs, functions, activities, or
35 objectives during a fiscal year.

36 (2) "Budget resolution" is a resolution adopted by a board of education
37 that appropriates revenues for specified school programs, functions,
38 activities, or objectives during a fiscal year.

39 (3) "Budget year" is the fiscal year for which a budget is proposed and a
40 budget resolution is adopted.

41 (4) "Fiscal year" is the annual period for the compilation of fiscal
42 operations. The fiscal year begins on July 1 and ends on June 30.

43 (5) "Fund" is an independent fiscal and accounting entity consisting of
44 cash and other resources together with all related liabilities,

1 obligations, reserves, and equities which are segregated by appropriate
2 accounting techniques for the purpose of carrying on specific activities
3 or attaining certain objectives in accordance with established legal
4 regulations, restrictions or limitations.

- 5 (6) "Vending facilities" has the same meaning as it does in ~~G.S. 143-12.1.~~
6 G.S. 111-42(d), but also means any mechanical or electronic device
7 dispensing items or something of value or entertainment or services for
8 a fee, regardless of the method of activation, and regardless of the
9 means of payment, whether by coin, currency, tokens, or other means."

10 **SECTION 35.** G.S. 115D-2 reads as rewritten:

11 **"§ 115D-2. Definitions.**

12 As used in this Chapter:

- 13 (1) The "administrative area" of an institution comprises the county or
14 counties directly responsible for the local financial support and local
15 administration of such institution as provided in this Chapter.
- 16 (2) The term "community college" is defined as an educational institution
17 operating under the provisions of this Chapter and dedicated primarily
18 to the educational needs of the service area which it serves, and may
19 offer
- 20 a. The freshmen and sophomore courses of a college of arts and
21 sciences, authorized by G.S. 115D-4.1;
- 22 b. Organized credit curricula for the training of technicians;
23 curricular courses may carry transfer credit to a senior college
24 or university where the course is comparable in content and
25 quality and is appropriate to a chosen course of study;
- 26 c. Vocational, trade, and technical specialty courses and programs,
27 and
- 28 d. Courses in general adult education.
- 29 (3) The term "institution" refers to any institution established pursuant to
30 this Chapter except for the North Carolina Center for Applied Textile
31 Technology.
- 32 (4) The term "regional institution" means an institution whose service area
33 as assigned by the State Board of Community Colleges includes three
34 or more counties; provided, however, any institution receiving funds as
35 a regional institution on May 1, 1987, shall continue to receive funds
36 on that basis.
- 37 (5) The term "State Board" refers to the State Board of Community
38 Colleges.
- 39 (6) The "tax-levying authority" of an institution is the board of
40 commissioners of the county or all of the boards of commissioners of
41 the counties, jointly, which constitute the administrative area of the
42 institution.
- 43 (7) Repealed by Session Laws 1987, c. 564, s. 1.

- 1 (8) "Vending facilities" has the same meaning as it does in ~~G.S. 143-12.1-~~
2 G.S. 111-42(d), but also means any mechanical or electronic device
3 dispensing items or something of value or entertainment or services for
4 a fee, regardless of the method of activation, and regardless of the
5 means of payment, whether by coin, currency, tokens, or other means."

6 **SECTION 36.** G.S. 115D-4 reads as rewritten:

7 **"§ 115D-4. Establishment of institutions; capital improvements.**

8 The establishment of all community colleges shall be subject to the approval of the
9 General Assembly upon recommendation of the State Board of Community Colleges. In
10 no case, however, shall favorable recommendation be made by the State Board for the
11 establishment of an institution until it has been demonstrated to the satisfaction of the
12 State Board that a genuine educational need exists within a proposed administrative
13 area, that existing public and private post-high school institutions in the area will not
14 meet the need, that adequate local financial support for the institution will be provided,
15 that public schools in the area will not be affected adversely by the local financial
16 support required for the institution, and that funds sufficient to provide State financial
17 support of the institution are available.

18 The expenditures of any State funds for any capital improvements of existing
19 institutions shall be subject to the prior approval of the State Board of Community
20 Colleges and the ~~Governor, provided that the Governor may consult with the Advisory~~
21 ~~Budget Commission before giving approval.~~Governor. The expenditure of State funds at
22 any institution herein authorized to be approved by the State Board shall be subject to
23 the terms of the ~~Executive Budget Act~~State Budget Act unless specifically otherwise
24 provided in this Chapter."

25 **SECTION 37.** G.S. 115D-5(f) reads as rewritten:

26 "(f) (**See editor's note**) A community college may not offer a new program
27 without the approval of the State Board of Community Colleges except that approval
28 shall not be required if the tuition for the program will fully cover the cost of the
29 program. If at any time tuition fails to fully cover the cost of a program that falls under
30 the exception, the program shall be discontinued unless approved by the State Board of
31 Community Colleges. If a proposed new program would serve more than one
32 community college, the State Board of Community Colleges shall perform a feasibility
33 study prior to acting on the proposal.

34 The State Board of Community Colleges shall report on an annual basis to the
35 Governor, Lieutenant Governor, the Speaker of the House of Representatives, and the
36 Joint Legislative Commission on Governmental ~~Operations, and the Advisory Budget~~
37 ~~Commission~~Operations, on all new programs it approved during the year. The report
38 shall include the specific reasons for which each program was approved."

39 **SECTION 38.** G.S. 115D-31(a) reads as rewritten:

40 "(a) The State Board of Community Colleges shall be responsible for providing,
41 from sources available to the State Board, funds to meet the financial needs of
42 institutions, as determined by policies and regulations of the State Board, for the
43 following budget items:

- 1 (1) Plant Fund. – Furniture and equipment for administrative and
2 instructional purposes, library books, and other items of capital outlay
3 approved by the State Board. Provided, the State Board may, on an
4 equal matching-fund basis from appropriations made by the State for
5 the purpose, grant funds to individual institutions for the purchase of
6 land, construction and remodeling of institutional buildings determined
7 by the State Board to be necessary for the instructional programs or
8 administration of such institutions. For the purpose of determining
9 amount of matching State funds, local funds shall include expenditures
10 made prior to the enactment of this Chapter or prior to an institution
11 becoming a community college pursuant to the provisions of this
12 Chapter, when such expenditures were made for the purchase of land,
13 construction, and remodeling of institutional buildings subsequently
14 determined by the State Board to be necessary as herein specified, and
15 provided such local expenditures have not previously been used as the
16 basis for obtaining matching State funds under the provisions of this
17 Chapter or any other laws of the State. Notwithstanding the provisions
18 of this subdivision, G.S. 116-53(b), or ~~G.S. 143-31.4~~, G.S. 143C-4-6,
19 appropriations by the State of North Carolina for capital or permanent
20 improvements for community colleges may be matched with any prior
21 expenditure of non-State funds for capital construction or land
22 acquisition not already used for matching purposes.
- 23 (2) Current Operating Expenses:
- 24 a. General administration. – Salaries and other costs as determined
25 by the State Board necessary to carry out the functions of
26 general administration.
- 27 b. Instructional services. – Salaries and other costs as determined
28 by the State Board necessary to carry out the functions of
29 instructional services.
- 30 c. Support services. – Salaries and other costs as determined by
31 the State Board necessary to carry out the functions of support
32 services.
- 33 (3) Additional Support for Regional Institutions as Defined in
34 G.S. 115D-2(4). – Matching funds to be used with local funds to meet
35 the financial needs of the regional institutions for the items set out in
36 G.S. 115D-32(a)(2)a. Amount of matching funds to be provided by the
37 State under this section shall be determined as follows: The population
38 of the administrative area in which the regional institution is located
39 shall be called the "local factor," the combined populations of all other
40 counties served by the institution shall be called the "State factor."
41 When the budget for the items listed in G.S. 115D-32(a)(2)a has been
42 approved under the procedures set out in G.S. 115D-45, the
43 administrative area in which the regional institution is located shall
44 provide a percentage to be determined by dividing the local factor by

1 the sum of the local factor and the State factor. The State shall provide
2 a percentage of the necessary funds to meet this budget, the percentage
3 to be determined by dividing the State factor by the sum of the local
4 factor and the State factor. If the local administrative area provides less
5 than its proportionate share, the amount of State funds provided shall
6 be reduced by the same proportion as were the administrative area
7 funds.

8 Wherever the word "population" is used in this subdivision, it shall
9 mean the population of the particular area in accordance with the latest
10 United States census."

11 **SECTION 39.** G.S. 116-2 reads as rewritten:

12 **"§ 116-2. Definitions.**

13 As used in this Article, unless the context clearly indicates a contrary intent:

- 14 (1) "Board" means the Board of Governors of the University of North
15 Carolina.
16 (2) "Board of trustees" means the board of trustees of a constituent
17 institution.
18 (3) "Chancellor" means the chancellor of a constituent institution.
19 (4) "Constituent institution" or "institution" means one of the 16 public
20 senior institutions, to wit, the University of North Carolina at Chapel
21 Hill, North Carolina State University at Raleigh, the University of
22 North Carolina at Greensboro, the University of North Carolina at
23 Charlotte, the University of North Carolina at Asheville, the University
24 of North Carolina at Wilmington, Appalachian State University, East
25 Carolina University, Elizabeth City State University, Fayetteville State
26 University, North Carolina Agricultural and Technical State
27 University, North Carolina Central University, North Carolina School
28 of the Arts, Pembroke State University, redesignated effective July 1,
29 1996, as the "University of North Carolina at Pembroke", Western
30 Carolina University, and Winston-Salem State University.
31 (5) "President" means the President of the University of North Carolina.
32 (6) "Vending facilities" has the same meaning as it does in ~~G.S. 143-12.1.~~
33 G.S. 111-42(d), but also means any mechanical or electronic device
34 dispensing items or something of value or entertainment or services for
35 a fee, regardless of the method of activation, and regardless of the
36 means of payment, whether by coin, currency, tokens, or other means."

37 **SECTION 40.** G.S. 116-11 reads as rewritten:

38 **"§ 116-11. Powers and duties generally.**

39 The powers and duties of the Board of Governors shall include the following:

- 40 (1) The Board of Governors shall plan and develop a coordinated system
41 of higher education in North Carolina. To this end it shall govern the
42 16 constituent institutions, subject to the powers and responsibilities
43 given in this Article to the boards of trustees of the institutions, and to
44 this end it shall maintain close liaison with the State Board of

1 Community Colleges, the Community Colleges System Office and the
2 private colleges and universities of the State. The Board, in
3 consultation with representatives of the State Board of Community
4 Colleges and of the private colleges and universities, shall prepare and
5 from time to time revise a long-range plan for a coordinated system of
6 higher education, supplying copies thereof to the Governor, the
7 members of the General Assembly, ~~the Advisory Budget Commission~~
8 and the institutions. Statewide federal or State programs that provide
9 aid to institutions or students of post-secondary education through a
10 State agency, except those related exclusively to the community
11 college system, shall be administered by the Board pursuant to any
12 requirements of State or federal statute in order to insure that all
13 activities are consonant with the State's long-range plan for higher
14 education.

15 (2) The Board of Governors shall be responsible for the general
16 determination, control, supervision, management and governance of all
17 affairs of the constituent institutions. For this purpose the Board may
18 adopt such policies and regulations as it may deem wise. Subject to
19 applicable State law and to the terms and conditions of the instruments
20 under which property is acquired, the Board of Governors may
21 acquire, hold, convey or otherwise dispose of, invest and reinvest any
22 and all real and personal property, with the exception of any property
23 that may be held by trustees of institutional endowment funds under
24 the provisions of G.S. 116-36 or that may be held, under authority
25 delegated by the Board of Governors, either by a board of trustees or
26 by trustees of any other endowment or trust fund.

27 (3) The Board shall determine the functions, educational activities and
28 academic programs of the constituent institutions. The Board shall also
29 determine the types of degrees to be awarded. The powers herein given
30 to the Board shall not be restricted by any provision of law assigning
31 specific functions or responsibilities to designated institutions, the
32 powers herein given superseding any such provisions of law. The
33 Board, after adequate notice and after affording the institutional board
34 of trustees an opportunity to be heard, shall have authority to withdraw
35 approval of any existing program if it appears that the program is
36 unproductive, excessively costly or unnecessarily duplicative. The
37 Board shall review the productivity of academic degree programs
38 every two years, using criteria specifically developed to determine
39 program productivity.

40 (4) The Board of Governors shall elect officers as provided in
41 G.S. 116-14. Subject to the provisions of section 18 of this act
42 [Session Laws 1971, Chapter 1244, section 18], the Board shall also
43 elect, on nomination of the President, the chancellor of each of the
44 constituent institutions and fix his compensation. The President shall

- 1 make his nomination from a list of not fewer than two names
2 recommended by the institutional board of trustees.
- 3 (5) The Board of Governors shall, on recommendation of the President
4 and of the appropriate institutional chancellor, appoint and fix the
5 compensation of all vice-chancellors, senior academic and
6 administrative officers and persons having permanent tenure.
- 7 (5a) [Expired.]
- 8 (5b) The Board of Governors may by resolution provide that, until July 1,
9 1998, every president, vice-president, and other administrative officer
10 of the University whom it elects and who is not subject to Chapter 126
11 of the General Statutes, and every chancellor, vice-chancellor, senior
12 academic officer, senior administrative officer, and faculty member
13 who serves a constituent institution or agency of the University and
14 who is not subject to Chapter 126 of the General Statutes, shall retire
15 on July 1 coincident with or next following his seventieth birthday,
16 unless continued in service on a year-to-year basis in accordance with
17 regulations adopted by the Board of Governors.
- 18 (6) The Board shall approve the establishment of any new publicly
19 supported institution above the community college level.
- 20 (7) The Board shall set tuition and required fees at the institutions, not
21 inconsistent with actions of the General Assembly.
- 22 (8) The Board shall set enrollment levels of the constituent institutions.
- 23 (8a) The Board of Governors, after consultation with representatives from
24 nonpublic schools, including representatives of nonpublic schools
25 operated under Parts 1 and 3 of Article 39 of Chapter 115C of the
26 General Statutes, and after taking into consideration comments
27 received from the Joint Legislative Education Oversight Committee,
28 shall adopt a policy regarding uniform admissions requirements for
29 applicants from nonpublic schools lawfully operated under Article 39
30 of Chapter 115C of the General Statutes. The policy shall not
31 arbitrarily differentiate between applicants based upon whether the
32 applicant attended a public or a lawfully operated nonpublic school.
- 33 (9) a. The Board of Governors shall develop, prepare and present to
34 the ~~Governor, the Advisory Budget Commission~~ Governor and
35 the General Assembly a single, unified recommended budget
36 for all of public senior higher education. The recommendations
37 shall consist of requests in three general categories: (i) funds for
38 the continuing operation of each constituent institution, (ii)
39 funds for salary increases for employees exempt from the State
40 Personnel Act and (iii) funds requested without reference to
41 constituent institutions, itemized as to priority and covering
42 such areas as new programs and activities, expansions of
43 programs and activities, increases in enrollments, increases to
44 accommodate internal shifts and categories of persons served,

1 capital improvements, improvements in levels of operation and
2 increases to remedy deficiencies, as well as other areas. The
3 ~~function of the Advisory Budget Commission under this section~~
4 ~~applies only if the Director of the Budget consults with the~~
5 ~~Commission in preparation of the budget.~~

6 b. Funds for the continuing operation of each constituent
7 institution shall be appropriated directly to the institution. Funds
8 for salary increases for employees exempt from the State
9 Personnel Act shall be appropriated to the Board in a lump sum
10 for allocation to the institutions. Funds for the third category in
11 paragraph a of this subdivision shall be appropriated to the
12 Board in a lump sum for allocation to the institutions. The
13 Board shall make allocations among the institutions in
14 accordance with the Board's schedule of priorities and any
15 specifications in the Current Operations Appropriations Act.
16 When both the Board and the Director of the Budget deem it to
17 be in the best interest of the State, funds in the third category
18 may be allocated, in whole or in part, for other items within the
19 list of priorities or for items not included in the list. Provided,
20 nothing herein shall be construed to allow the General
21 Assembly, except as to capital improvements, to refer to
22 particular constituent institutions in any specifications as to
23 priorities in the third category. ~~Prior to taking any action under~~
24 ~~this paragraph, the Director of the Budget may consult with the~~
25 ~~Advisory Budget Commission.~~

26 c. The Director of the Budget may, on recommendation of the
27 Board, authorize transfer of appropriated funds from one
28 institution to another to provide adjustments for over or under
29 enrollment or may make any other adjustments among
30 institutions that would provide for the orderly and efficient
31 operation of the institutions. ~~Prior to taking any action under~~
32 ~~this paragraph, the Director of the Budget may consult with the~~
33 ~~Advisory Budget Commission.~~

34 d. Repealed by Session Laws 1987, c. 795, s. 27.

35 (10) The Board shall collect and disseminate data concerning higher
36 education in the State. To this end it shall work cooperatively with the
37 Community Colleges System Office and shall seek the assistance of
38 the private colleges and universities. It may prescribe for the
39 constituent institutions such uniform reporting practices and policies as
40 it may deem desirable.

41 (10a) The Board of Governors, the State Board of Community Colleges, and
42 the State Board of Education, in consultation with private higher
43 education institutions defined in G.S. 116-22(1), shall plan a system to
44 provide an exchange of information among the public schools and

1 institutions of higher education to be implemented no later than June
2 30, 1995. As used in this section, "institutions of higher education"
3 shall mean public higher education institutions defined in
4 G.S. 116-143.1(a)(3), and those private higher education institutions
5 defined in G.S. 116-22(1) that choose to participate in the information
6 exchange. The information shall include:

- 7 a. The number of high school graduates who apply to, are
8 admitted to, and enroll in institutions of higher education;
9 b. College performance of high school graduates for the year
10 immediately following high school graduation including each
11 student's: need for remedial coursework at the institution of
12 higher education that the student attends; performance in
13 standard freshmen courses; and continued enrollment in a
14 subsequent year in the same or another institution of higher
15 education in the State;
16 c. The progress of students from one institution of higher
17 education to another; and
18 d. Consistent and uniform public school course information
19 including course code, name, and description.

20 The Department of Public Instruction shall generate and the local
21 school administrative units shall use standardized transcripts in an
22 automated format for applicants to higher education institutions. The
23 standardized transcript shall include grade point average, class rank,
24 end-of-course test scores, and uniform course information including
25 course code, name, units earned toward graduation, and credits earned
26 for admission from an institution of higher education. The grade point
27 average and class rank shall be calculated by a standard method to be
28 devised by the institutions of higher education.

29 The Board of Governors shall coordinate a joint progress report on the
30 implementation of the system to provide an exchange of information
31 among the public and independent colleges and universities, the
32 community colleges, and the public schools. The report shall be made
33 to the Joint Legislative Education Oversight Committee no later than
34 February 15, 1993, and annually thereafter.

35 (10b) The Board of Governors of The University of North Carolina shall
36 report to each community college and to the State Board of
37 Community Colleges on the academic performance of that community
38 college's transfer students.

39 (11) The Board shall assess the contributions and needs of the private
40 colleges and universities of the State and shall give advice and
41 recommendations to the General Assembly to the end that the
42 resources of these institutions may be utilized in the best interest of the
43 State.

1 (12) The Board shall give advice and recommendations concerning higher
2 education to the Governor, the General Assembly, ~~the Advisory~~
3 ~~Budget Commission~~ and the boards of trustees of the institutions.

4 (12a) Notwithstanding any other law, the Board of Governors of The
5 University of North Carolina shall implement, administer, and revise
6 programs for meaningful professional development for professional
7 public school employees in accordance with the evaluations and
8 recommendations made by the State Board of Education under
9 G.S. 115C-12(26). The programs shall be aligned with State education
10 goals and directed toward improving student academic achievement.
11 The Board of Governors shall submit to the State Board of Education
12 an annual written report that uses data to assess and evaluate the
13 effectiveness of the programs for professional development offered by
14 the Center for School Leadership Development. The report shall
15 clearly document how the programs address the State needs identified
16 by the State Board of Education and whether the programs are utilizing
17 the strategies recommended by the State Board. The Board of
18 Governors also shall submit this report to the Joint Legislative
19 Education Oversight Committee, the President Pro Tempore of the
20 Senate, and the Speaker of the House of Representatives prior to
21 September 15th of each year.

22 (12b) The Board of Governors of The University of North Carolina shall
23 create a Board of Directors for the UNC Center for School Leadership
24 Development. The Board of Governors shall determine the powers and
25 duties of the Board of Directors.

26 (13) The Board may delegate any part of its authority over the affairs of any
27 institution to the board of trustees or, through the President, to the
28 chancellor of the institution in any case where such delegation appears
29 necessary or prudent to enable the institution to function in a proper
30 and expeditious manner. Any delegation of authority may be rescinded
31 by the Board at any time in whole or in part.

32 (14) The Board shall possess all powers not specifically given to
33 institutional boards of trustees."

34 **SECTION 41.** G.S. 116-14(b1) reads as rewritten:

35 "(b1) The President shall receive General Fund appropriations made by the General
36 Assembly for continuing operations of The University of North Carolina that are
37 administered by the President and the President's staff complement established pursuant
38 to G.S. 116-14(b) in the form of a single sum to Budget Code 16010 of The University
39 of North Carolina in the manner and under the conditions prescribed by G.S. 116-30.2.
40 The President, with respect to the foregoing appropriations, shall have the same duties
41 and responsibilities that are prescribed by G.S. 116-30.2 for the Chancellor of a special
42 responsibility constituent institution. The President may establish procedures for
43 transferring funds from Budget Code 16010 to the constituent institutions for
44 nonrecurring expenditures. The President may identify funds for capital improvement

1 projects from Budget Code 16010, and the capital improvement projects may be
2 established following the procedures set out in ~~G.S. 143-18.1~~G.S. 143C-8-8 and
3 G.S. 143C-8-9."

4 **SECTION 42.** G.S. 116-30.2 reads as rewritten:

5 "**§ 116-30.2. Appropriations to special responsibility constituent institutions and to**
6 **the North Carolina School of Science and Mathematics.**

7 (a) All General Fund appropriations made by the General Assembly for
8 continuing operations of a special responsibility constituent institution of The
9 University of North Carolina shall be made in the form of a single sum to each budget
10 code of the institution for each year of the fiscal period for which the appropriations are
11 being made. Notwithstanding ~~G.S. 143-23(a1), G.S. 143-23(a2), G.S. 143C-6-4 and~~
12 ~~G.S. 120-76(8)~~, each special responsibility constituent institution may expend monies
13 from the overhead receipts special fund budget code and the General Fund monies so
14 appropriated to it in the manner deemed by the Chancellor to be calculated to maintain
15 and advance the programs and services of the institutions, consistent with the directives
16 and policies of the Board of Governors. The preparation, presentation, and review of
17 General Fund budget requests of special responsibility constituent institutions shall be
18 conducted in the same manner as are requests of other constituent institutions. The
19 quarterly allotment procedure established pursuant to ~~G.S. 143-17~~G.S. 143C-6-3 shall
20 apply to the General Fund appropriations made for the current operations of each
21 special responsibility constituent institution. All General Fund monies so appropriated
22 to each special responsibility constituent institution shall be recorded, reported, and
23 audited in the same manner as are General Fund appropriations to other constituent
24 institutions.

25 (b) The North Carolina School of Science and Mathematics is authorized to be
26 designated as a special responsibility constituent institution for the purposes of
27 G.S. 116-30.1, G.S. 116-30.4, G.S. 116-30.5, G.S. 116-30.6, and G.S. 116-31.10. In
28 addition, all General Fund appropriations made by the General Assembly for continuing
29 operations of the North Carolina School of Science and Mathematics shall be made in
30 the form of a single sum to each budget code of the School for each year of the fiscal
31 period for which the appropriations are being made. Notwithstanding ~~G.S. 143-23(a1),~~
32 ~~G.S. 143-23(a2), G.S. 143C-6-4 and G.S. 120-76(8)~~, the North Carolina School of
33 Science and Mathematics may expend monies from the overhead receipts special fund
34 budget code and the General Fund monies so appropriated to it in the manner deemed
35 by the Director of the School to be calculated to maintain and advance the programs and
36 services of the School, consistent with the directives and policies of the Board of
37 Trustees of the North Carolina School of Science and Mathematics. The preparation,
38 presentation, and review of General Fund budget requests of the North Carolina School
39 of Science and Mathematics shall be conducted in the same manner as are requests of
40 the constituent institutions. The quarterly allotment procedure established under
41 ~~G.S. 143-17~~G.S. 143C-6-3 shall apply to the General Fund appropriations made for the
42 current operations of the North Carolina School of Science and Mathematics. All
43 General Fund monies so appropriated to the North Carolina School of Science and

1 Mathematics shall be recorded, reported, and audited in the same manner as are General
2 Fund appropriations to constituent institutions of The University of North Carolina."

3 **SECTION 43.** G.S. 116-30.3 reads as rewritten:

4 "**§ 116-30.3. Reversions.**

5 (a) Of the General Fund current operations appropriations credit balance
6 remaining at the end of each fiscal year in each budget code of a special responsibility
7 constituent institution, except for the budget code of the Area Health Education Centers
8 of the University of North Carolina at Chapel Hill, any amount of the General Fund
9 appropriation for that fiscal year may be carried forward by the institution to the next
10 fiscal year and ~~may be used~~ is appropriated for one-time expenditures that will not
11 impose additional financial obligations on the State. Of the General Fund current
12 operations appropriations credit balance remaining in the budget code of the Area
13 Health Education Centers of the University of North Carolina at Chapel Hill, any
14 amount of the General Fund appropriation for that fiscal year may be carried forward in
15 that budget code to the next fiscal year and ~~may be used~~ is appropriated for one-time
16 expenditures that will not impose additional financial obligations on the State. However,
17 the amount carried forward under this section shall not exceed two and one-half percent
18 (2 1/2%) of the General Fund appropriation. The Director of the Budget, under the
19 authority set forth in ~~G.S. 143-25~~, G.S. 143C-6-2 shall establish the General Fund
20 current operations credit balance remaining in each budget code of each institution.

21 (b) Repealed by Session Laws 1998-212, s. 11(b).

22 (c) Repealed by Session Laws 1998-212, s. 11(a).

23 (d) Repealed by Session Laws 1998-212, s. 11(b).

24 (e) Notwithstanding ~~G.S. 143-18~~, G.S. 143C-1-2 of the General Fund current
25 operations appropriations credit balance remaining in Budget Code 16010 of the Office
26 of General Administration of The University of North Carolina, any amount of the
27 General Fund appropriation for that fiscal year may be carried forward in that budget
28 code to the next fiscal year and ~~may be used~~ is appropriated for one-time expenditures
29 that will not impose additional financial obligations on the State. However, the amount
30 carried forward under this subsection shall not exceed two and one-half percent (2
31 1/2%) of the General Fund appropriation. The Director of the Budget, under the
32 authority set forth in ~~G.S. 143-25~~, G.S. 143C-6-2 shall establish the General Fund
33 current operations credit balance remaining in Budget Code 16010 of the Office of
34 General Administration of The University of North Carolina. The funds shall not be
35 used to support positions."

36 **SECTION 44.** G.S. 116-36(g) reads as rewritten:

37 "(g) The trustees of the endowment fund shall have the power to buy, sell, lend,
38 exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their
39 credit or violating a lawful condition of receipt of the corpus into the endowment fund)
40 any property, real or personal, with respect to the fund, in either public or private
41 transaction, and in doing so they shall not be subject to the provisions of Chapters ~~143~~
42 143, 143C, and 146 of the General Statutes; provided that, any expense or financial
43 obligation of the State of North Carolina created by any acquisition or disposition, by
44 whatever means, of any real or personal property of the endowment fund shall be borne

1 by the endowment fund unless authorization to satisfy the expense or financial
2 obligation from some other source shall first have been obtained from the Director of
3 the Budget. ~~Prior to taking any action under this subsection, the Director of the Budget~~
4 ~~may consult with the Advisory Budget Commission."~~

5 **SECTION 45.** G.S. 116-36.1 reads as rewritten:

6 **"§ 116-36.1. Regulation of institutional trust funds.**

7 (a) The Board is responsible for the custody and management of the trust funds
8 of the University of North Carolina and of each institution. The Board shall adopt
9 uniform policies and procedures applicable to the administration of these funds which
10 shall assure that the receipt and expenditure of such funds is properly authorized and
11 that the funds are appropriately accounted for. The Board may delegate authority,
12 through the president, to the respective chancellors of the institutions when such
13 delegation is necessary or prudent to enable the institution to function in a proper and
14 expeditious manner.

15 (b) Trust funds shall be deposited with the State Treasurer who shall hold them in
16 trust in separate accounts in the name of the University of North Carolina and of each
17 institution. The cash balances of these accounts may be pooled for investment purposes,
18 but investment earnings shall be credited pro rata to each participating account. For
19 purposes of distribution of investment earnings, all trust funds of an institution shall be
20 deemed a single account.

21 (c) Moneys deposited with the State Treasurer in trust fund accounts pursuant to
22 this section, and investment earnings thereon, are available for expenditure by each
23 institution without further authorization from the General Assembly.

24 (d) Trust funds are subject to the oversight of the State Auditor pursuant to
25 Article 5A of Chapter 147 of the General Statutes but are not subject to the provisions
26 of the ~~Executive Budget Act~~ State Budget Act except for capital improvements projects
27 which shall be authorized and executed in accordance with ~~G.S. 143-18.1~~ G.S.
28 143C-8-8 and G.S. 143C-8-9.

29 (e) Each institution shall submit such reports or other information concerning its
30 trust fund accounts as may be required by the Director of the Budget.

31 (f) Trust funds or the investment income therefrom shall not take the place of
32 State appropriations or any part thereof, but any portion of these funds available for
33 general institutional purposes is appropriated and shall be used to supplement State
34 appropriations to the end that the institution may improve and increase its functions,
35 may enlarge its areas of service, and may become more useful to a greater number of
36 people.

37 (g) As used in this section, "trust funds" means:

- 38 (1) Moneys, or the proceeds of other forms of property, received by an
39 institution as gifts, devises, or bequests that are neither presumed nor
40 designated to be gifts, devises, or bequests to the endowment fund of
41 the institution;
- 42 (2) Moneys received by an institution pursuant to grants from, or contracts
43 with, the United States government or any agency or instrumentality
44 thereof;

- 1 (3) Moneys received by an institution pursuant to grants from, or contracts
2 with, any State agencies, any political subdivisions of the State, any
3 other states or nations or political subdivisions thereof, or any private
4 entities whereby the institution undertakes, subject to terms and
5 conditions specified by the entity providing the moneys, to conduct
6 research, training or public service programs, or to provide financial
7 aid to students;
- 8 (4) Moneys collected by an institution to support extracurricular activities
9 of students of the institution;
- 10 (5) Moneys received from or for the operation by an institution of
11 activities established for the benefit of scholarship funds or student
12 activity programs;
- 13 (6) Moneys received from or for the operation by an institution of any of
14 its self-supporting auxiliary enterprises, including institutional student
15 auxiliary enterprise funds for the operation of housing, food, health,
16 and laundry services;
- 17 (7) Moneys received by an institution in respect to fees and other
18 payments for services rendered by medical, dental or other health care
19 professionals under an organized practice plan approved by the
20 institution or under a contractual agreement between the institution and
21 a hospital or other health care provider;
- 22 (8) The net proceeds from the disposition effected pursuant to Chapter
23 146, Article 7, of any interest in real property owned by or under the
24 supervision and control of an institution if the interest in real property
25 had first been acquired by gift, devise, or bequest or through
26 expenditure of moneys defined in this subsection (g) as "trust funds,"
27 except the net proceeds from the disposition of an interest in real
28 property first acquired by the institution through expenditure of
29 moneys received as a grant from a State agency;
- 30 (9) Moneys received from the operation and maintenance of institutional
31 forests and forest farmlands, provided, that such moneys shall be used,
32 when used, by the institution for support of forest-related research,
33 teaching, and public service programs.

34 (h) Notwithstanding the provisions of subsection (b) of this section, the Board
35 may designate as the official depository of the funds identified in subsection (g) (7) of
36 this section one or more banks or trust companies in this State. The amount of funds on
37 deposit in an official depository shall be fully secured by deposit insurance, surety
38 bonds, or investment securities of such nature, in such amounts, and in such manner as
39 is prescribed by the State Treasurer for the security of public deposits generally. The
40 available cash balance of funds deposited pursuant to this subsection shall be invested in
41 interest-bearing deposits and investments so that the rate of return equals that realized
42 from the investment of State funds generally.

1 (i) The cash balances on hand as of June 30, 1978, and all future receipts
2 accruing thereafter, of funds identified in this section are hereby appropriated to the use
3 of the University of North Carolina and its constituent institutions."

4 **SECTION 46.** G.S. 116-36.2(a) reads as rewritten:

5 "(a) Notwithstanding Chapter 143C or any provisions of law other than Article 5A
6 of Chapter 147 of the General Statutes, the chancellor of each institution is responsible
7 for the custody and management of the special funds of that institution. The Board shall
8 adopt uniform policies and procedures applicable to the administration of these funds
9 which shall assure that the receipt and expenditure of such funds is properly authorized
10 and that the funds are appropriately accounted for. The special funds of individual
11 institutions regulated by this section are appropriated and may be used only as
12 authorized by this section."

13 **SECTION 47.** G.S. 116-36.5 reads as rewritten:

14 "**§ 116-36.5. Centennial Campus trust fund; Horace Williams Campus trust fund;**
15 **Millennial Campuses' trust funds.**

16 (a) All moneys received through development of the Centennial Campus of
17 North Carolina State University at Raleigh, from whatever source, including the net
18 proceeds from the lease or rental of Centennial Campus real property, shall be placed in
19 a special, continuing, and nonreverting trust fund having the sole and exclusive use for
20 further development of the Centennial Campus, including its operational development.
21 This fund shall be treated in the manner of institutional trust funds as provided in
22 ~~G.S. 116-36.1.~~ G.S. 116-36.1, and, like the institutional trust funds, is exempt from
23 Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund
24 shall be deemed an additional and alternative method of funding the Centennial Campus
25 and not an exclusive one. For purposes of this section the term "Centennial Campus" is
26 defined by G.S. 116-198.33(4). To the extent that any general, special, or local law is
27 inconsistent with this section, it is declared inapplicable to this section.

28 (b) All moneys received through development of the Horace Williams Campus of
29 the University of North Carolina at Chapel Hill, from whatever source, including the net
30 proceeds from the lease or rental of Horace Williams Campus real property, shall be
31 placed in a special, continuing, and nonreverting trust fund having the sole and
32 exclusive use for further development of the Horace Williams Campus, including its
33 operational development. This fund shall be treated in the manner of institutional trust
34 funds as provided in ~~G.S. 116-36.1.~~ G.S. 116-36.1, and, like the institutional trust funds,
35 is exempt from Chapter 143C, except for Article 8 of Chapter 143C of the General
36 Statutes. This fund shall be deemed an additional and alternative method of funding the
37 Horace Williams Campus and not an exclusive one. For purposes of this section the
38 term "Horace Williams Campus" is defined by G.S. 116-198.33(4a). To the extent that
39 any general, special, or local law is inconsistent with this section, it is declared
40 inapplicable to this section.

41 (c) All moneys received through development of a Millennial Campus of a
42 constituent institution of The University of North Carolina as defined by
43 G.S. 116-198.33(4b), from whatever source, including the net proceeds from the lease
44 or rental of real property on a Millennial Campus, shall be placed in a special,

1 continuing, and nonreverting trust fund having the sole and exclusive use for further
2 development of that Millennial Campus, including its operational development. This
3 fund shall be treated in the manner of institutional trust funds as provided in
4 ~~G.S. 116-36.1.~~ G.S. 116-36.1, and, like the institutional trust funds, is exempt from
5 Chapter 143C, except for Article 8 of Chapter 143C of the General Statutes. This fund
6 shall be deemed an additional and alternative method of funding the Millennial Campus
7 and not an exclusive one. To the extent that any general, special, or local law is
8 inconsistent with this section, it is declared inapplicable to this section.

9 (d) The moneys described by this section are appropriated and may be used only
10 as provided by this section."

11 **SECTION 48.** G.S. 116-41.4 reads as rewritten:

12 **"§ 116-41.4. Bonds authorized; amount limited; form, execution and sale; terms**
13 **and conditions; use of proceeds; additional bonds; interim receipts or**
14 **temporary bonds; replacement of lost, etc., bonds; approval or consent**
15 **for issuance; bonds not debt of State; bond anticipation notes.**

16 The Board is hereby authorized to issue, subject to the approval of the Director of
17 the Budget, at one time or from time to time, revenue bonds of the University for the
18 purpose of undertaking and carrying out any project or projects hereunder; provided,
19 however, that the aggregate principal amount of revenue bonds which the Board is
20 authorized to issue under this section during the biennium ending June 30, 1969, shall
21 not exceed three million five hundred thousand dollars (\$3,500,000); provided, further,
22 the Board shall have authority to issue revenue bonds under this section in an additional
23 aggregate principal amount not to exceed three million five hundred thousand dollars
24 (\$3,500,000) during the biennium ending June 30, 1971; provided, however, that the
25 aggregate principal amount of revenue bonds which the Board is authorized to issue
26 under this section during the biennium ending June 30, 1973, shall not exceed thirteen
27 million dollars (\$13,000,000); provided, further, that the aggregate principal amount of
28 revenue bonds which the Board is authorized to issue under this section during the
29 biennium ending June 30, 1975, shall not exceed thirteen million dollars (\$13,000,000).
30 The bonds shall be dated, shall mature at such time or times not exceeding 30 years
31 from their date or dates, and shall bear interest at such rate or rates as may be
32 determined by the Board, and may be made redeemable before maturity at the option of
33 the Board at such price or prices and under such terms and conditions as may be fixed
34 by the Board prior to the issuance of the bonds. The Board shall determine the form and
35 manner of execution of the bonds, and any interest coupons to be attached thereto, and
36 shall fix the denomination or denominations of the bonds and the place or places of
37 payment of principal and interest, which may be at any bank or trust company within or
38 without the State. In case any officer whose signature or a facsimile of whose signature
39 appears on any bonds or coupons shall cease to be such officer before the delivery of
40 such bonds, such signature or such facsimile shall nevertheless be valid and sufficient
41 for all purposes the same as if he had remained in office until such delivery.
42 Notwithstanding any of the other provisions of this Part or any recitals in any bonds
43 issued under the provisions of this Part, all such bonds shall be deemed to be negotiable
44 instruments under the laws of this State. The bonds may be issued in coupon or

1 registered form or both, as the Board may determine, and provision may be made for the
2 registration of any coupon bonds as to principal alone and also as to both principal and
3 interest, and for the reconversion into coupon bonds of any bonds registered as to both
4 principal and interest. The Board may sell such bonds in such manner, at public or
5 private sale, and for such price, as it may determine to be for the best interests of the
6 University.

7 The proceeds of the bonds of each issue shall be used solely for the purpose for
8 which such bonds shall have been authorized and shall be disbursed in such manner and
9 under such restrictions, if any, as the Board may provide in the resolution authorizing
10 the issuance of such bonds. Unless otherwise provided in the authorizing resolution, if
11 the proceeds of such bonds, by error of estimates or otherwise, shall be less than such
12 costs, additional bonds may in like manner be issued to provide the amount of such
13 deficit and shall be deemed to be of the same issue and shall be entitled to payment
14 from the same fund without preference or priority of the bonds first issued for the same
15 purpose.

16 The resolution providing for the issuance of revenue bonds may also contain such
17 limitations upon the issuance of additional revenue bonds as the Board may deem
18 proper, and such additional bonds shall be issued under such restrictions and limitations
19 as may be prescribed by such resolution.

20 Prior to the preparation of definitive bonds, the Board may, under like restrictions,
21 issue interim receipts or temporary bonds, with or without coupons, exchangeable for
22 definitive bonds when such bonds shall have been executed and are available for
23 delivery. The Board may also provide for the replacement of any bonds which shall
24 become mutilated or be destroyed or lost.

25 Bonds may be issued by the Board under the provisions of this Part, subject to the
26 approval of the Director of the Budget, but without obtaining the consent of any other
27 commission, board, bureau or agency of the State, and without any other proceedings or
28 the happening of any other conditions or things than those consents, proceedings,
29 conditions or things which are specifically required by this Part.

30 Revenue bonds issued under the provisions of this Part shall not be deemed to
31 constitute a debt of the State of North Carolina or a pledge of the faith and credit of the
32 State, but such bonds shall be payable solely from the funds herein provided therefor
33 and a statement to that effect shall be recited on the face of the bonds.

34 The Board is hereby authorized to issue, subject to the approval of the Director of
35 the Budget, at one time or from time to time, revenue bond anticipation notes of the
36 Board in anticipation of the issuance of bonds authorized pursuant to the provisions of
37 this Part. The principal of and the interest on such notes shall be payable solely from the
38 proceeds of bonds or renewal notes or, in the event bond or renewal note proceeds are
39 not available, any available revenues of the project or projects for which such bonds
40 shall have been authorized. The notes of each issue shall be dated, shall mature at such
41 time or times not exceeding two years from their date or dates, shall bear interest at such
42 rate or rates as may be determined by the Board, and may be made redeemable before
43 maturity, at the option of the Board, at such price or prices and under such terms and
44 conditions as may be fixed by the Board, and may be made redeemable before maturity,

1 at the option of the Board, at such price or prices and under such terms and conditions
2 as may be fixed by the Board prior to the issuance of the notes. The Board shall
3 determine the form and manner of execution of the notes, including any interest
4 coupons to be attached thereto, and shall fix the denomination or denominations of the
5 notes and the place or places of payment of principal and interest, which may be at any
6 bank or trust company within or without the State. In case any officer, whose signature
7 or a facsimile of whose signature shall appear on any notes or coupons, shall cease to be
8 such officer before the delivery of such notes, such signature or such facsimile shall
9 nevertheless be valid and sufficient for all purposes the same as if he had remained in
10 office until such delivery. Notwithstanding any of the other provisions of this Part or
11 any recitals in any notes issued under the provisions of this Part, all such notes shall be
12 deemed to be negotiable instruments under the laws of this State. The notes may be
13 issued in coupon or registered form or both, as the Board may determine, and provision
14 may be made for the registration of any coupon notes as to principal alone and also as to
15 both principal and interest, and for the reconversion into coupon notes of any notes
16 registered as to both principal and interest. The Board may sell such notes in such
17 manner, at public or private sale, and for such price, as it may determine to be for the
18 best interests of the University.

19 The proceeds of the notes of each issue shall be used solely for the purpose for
20 which the bonds in anticipation of which such notes are being issued shall have been
21 authorized, and such note proceeds shall be disbursed in such manner and under such
22 restrictions, if any, as the Board may provide in the resolution authorizing the issuance
23 of such notes or bonds.

24 The resolution providing for the issuance of notes or bonds may also contain such
25 limitations upon the issuance of additional notes as the Board may deem proper, and
26 such additional notes shall be issued under such restrictions and limitations as may be
27 prescribed by such resolution.

28 Notes may be issued by the Board under the provisions of this Part, subject to the
29 approval of the Director of the Budget, but without obtaining the consent of any other
30 commission, board, bureau or agency of the State, and without any other proceedings or
31 the happening of any other conditions or things than those consents, proceedings,
32 conditions or things which are specifically required by this Part.

33 Revenue bond anticipation notes issued under the provisions of this Part shall not be
34 deemed to constitute a debt of the State of North Carolina or a pledge of the faith and
35 credit of the State, but such notes shall be payable solely from the funds herein provided
36 therefor and a statement to that effect shall be recited on the face of the notes.

37 Unless the context shall otherwise indicate, the word "bonds," wherever used in this
38 Part, shall be deemed and construed to include the words "bond anticipation notes."

39 ~~Prior to taking any action under this section, the Director of the Budget may consult~~
40 ~~with the Advisory Budget Commission."~~

41 **SECTION 49.** G.S. 116-41.9 reads as rewritten:

42 **"§ 116-41.9. Refunding revenue bonds.**

43 The University is hereby authorized, subject to the approval of the Director of the
44 Budget, to issue from time to time refunding revenue bonds for the purpose of refunding

1 any revenue bonds issued by the University under this Part in connection with any
2 project or projects, including the payment of any redemption premium thereon and any
3 interest accrued or to accrue to the date of redemption of such bonds. The University is
4 further authorized, subject to the approval of the Director of the Budget, to issue from
5 time to time refunding revenue bonds for the combined purpose of

6 (1) Refunding any revenue bonds or refunding revenue bonds issued by
7 the University in connection with any project or projects including the
8 payment of any redemption premium thereon and any interest accrued
9 or to accrue to the date of redemption of such bonds, and

10 (2) Paying all or any part of the cost of any project or projects.

11 The issuance of such refunding revenue bonds, the maturities and other details
12 thereof, the rights and remedies of the holders thereof, and the rights, powers,
13 privileges, duties and obligations of the University with respect to the same, shall be
14 governed by the foregoing provisions of this Part insofar as the same may be applicable.

15 ~~Prior to taking any action under this section, the Director of the Budget may consult~~
16 ~~with the Advisory Budget Commission."~~

17 **SECTION 50.** G.S. 116-41.16 reads as rewritten:

18 "**§ 116-41.16. Distinguished Professors Endowment Trust Fund; contribution**
19 **commitments.**

20 (a) For constituent institutions other than focused growth institutions and special
21 needs institutions, contributions may also be eligible for matching if there is:

22 (1) A commitment to make a donation of at least six hundred sixty-six
23 thousand dollars (\$666,000), as prescribed by ~~G.S. 143-31.4,~~
24 G.S. 143C-4-6 and an initial payment of one hundred eleven thousand
25 dollars (\$111,000) to receive a grant described in
26 G.S. 116-41.15(a)(1); or

27 (2) A commitment to make a donation of at least three hundred
28 thirty-three thousand dollars (\$333,000), as prescribed by
29 ~~G.S. 143-31.4,~~ G.S. 143C-4-6 and an initial payment of fifty-five
30 thousand five hundred dollars (\$55,500) to receive a grant described in
31 G.S. 116-41.15(a)(2); and if the initial payment is accompanied by a
32 written pledge to provide the balance within five years after the date of
33 the initial payment. Each payment on the balance shall be no less than
34 the amount of the initial payment and shall be made on or before the
35 anniversary date of the initial payment. Pledged contributions may not
36 be matched prior to the actual collection of the total funds. Once the
37 income from the institution's Distinguished Professors Endowment
38 Trust Fund can be effectively used pursuant to G.S. 116-41.17, the
39 institution shall proceed to implement plans for establishing an
40 endowed chair.

41 (b) For focused growth institutions and special needs institutions, contributions
42 may also be eligible for matching if there is:

43 (1) A commitment to make a donation of at least five hundred thousand
44 dollars (\$500,000), as prescribed by ~~G.S. 143-31.4,~~ G.S. 143C-4-6 and

- 1 an initial payment of eighty-three thousand three hundred dollars
2 (\$83,300) to receive a grant described in G.S. 116-41.5(b)(1); or
3 (2) A commitment to make a donation of at least two hundred fifty
4 thousand dollars (\$250,000), as prescribed by ~~G.S. 143-31.4,~~
5 G.S. 143C-4-6 and an initial payment of forty-one thousand six
6 hundred dollars (\$41,600) to receive a grant described in
7 G.S. 116-41.15(b)(2); and if the initial payment is accompanied by a
8 written pledge to provide the balance within five years after the date of
9 the initial payment. Each payment on the balance shall be no less than
10 the amount of the initial payment. Pledged contributions may not be
11 matched prior to the actual collection of the total funds. Once the
12 income from the institution's Distinguished Professors Endowment
13 Trust Fund can be effectively used pursuant to G.S. 116-41.17, the
14 institution shall proceed to implement plans for establishing an
15 endowed chair."

16 **SECTION 51.** G.S. 116-44.4(m) reads as rewritten:

17 "(m) All moneys received pursuant to this Part shall be placed in a trust account in
18 each constituent ~~institution~~ institution, are appropriated, and may be used for any of the
19 following purposes:

- 20 (1) To defray the cost of administering and enforcing ordinances adopted
21 under this Part;
22 (2) To develop, maintain, and supervise parking areas and facilities;
23 (3) To provide bus service or other transportation systems and facilities,
24 including payments to any public or private transportation system
25 serving University students, faculty, or employees;
26 (4) As a pledge to secure revenue bonds for parking facilities issued under
27 Article 21 of this Chapter;
28 (5) Other purposes related to parking, traffic, and transportation on the
29 campus."

30 **SECTION 52.** G.S. 116-175.1 is repealed.

31 **SECTION 53.** G.S. 116-187.1 is repealed.

32 **SECTION 54.** G.S. 116-209.19 reads as rewritten:

33 **"§ 116-209.19. Grants to students.**

34 The Authority is authorized to make grants to eligible students enrolled or to be
35 enrolled in eligible institutions in North Carolina out of such money as from time to
36 time may be appropriated by the State or as may otherwise be available to the Authority
37 for such grants. The Authority, subject to the provisions of this Article and any
38 applicable appropriation act, shall adopt rules, regulations and procedures for
39 determining the needs of the respective students for grants and for the purpose of
40 making such grants. The amount of any grant made by the Authority to any student,
41 whether enrolled or to be enrolled in any private institution or any tax-supported public
42 institution, shall be determined by the Authority upon the basis of substantially similar
43 standards and guides that shall be set forth in the Authority's rules, regulations and
44 procedures; provided, however, that grants made in any fiscal year to students enrolled

1 or to be enrolled in private institutions may be increased to compensate, in whole or in
2 part, for the average annual State appropriated tuition subsidy for such fiscal year,
3 determined as provided herein. The average annual State appropriated subsidy for each
4 fiscal year shall be determined by the Secretary of Administration, after consultation
5 with the Board of Governors of the University of North Carolina and the Authority, for
6 each of the two categories of tax-supported institutions, being (i) institutions, presently
7 16, that provide education of the collegiate grade and grant baccalaureate degrees and
8 (ii) institutions, such as community colleges and technical institutes created and existing
9 under Chapter 115A of the General Statutes and community colleges created and
10 existing under Chapter 115D of the General Statutes. The average annual State
11 appropriated subsidy for each of such two categories of institutions shall mean the
12 amount of the total appropriations of the State for the respective fiscal years under the
13 current operations budgets, pursuant to the ~~Executive Budget Act~~ State Budget Act
14 reasonably allocable to undergraduate students enrolled in such institutions exclusive of
15 the Division of Health Affairs of the University of North Carolina and the North
16 Carolina School of the Arts for all institutions in such category, all as shall be
17 determined by the Secretary of Administration after consultation as above provided,
18 divided by the budgeted number of North Carolina undergraduate students to be
19 enrolled in such fiscal year.

20 The Authority, in determining the needs of students for grants, may among other
21 factors, give consideration to the amount of other financial assistance that may be
22 available to the students, such as nonrepayable awards under the Pell Grant Program,
23 the Health Professions Education Assistance Act or other student assistance programs
24 created by federal law.

25 ~~Prior to taking any action under this subsection, the Secretary of Administration~~
26 ~~may consult with the Advisory Budget Commission."~~

27 **SECTION 55.** G.S. 116-238(g) reads as rewritten:

28 "(g) The trustees of the endowment fund shall have the power to buy, sell, lend,
29 exchange, lease, transfer, or otherwise dispose of or to acquire (except by pledging their
30 credit or violating a lawful condition of receipt of the corpus into the endowment fund)
31 any property, real or personal, with respect to the fund, in either public or private
32 transaction, and in doing so they shall not be subject to the provisions of Chapters ~~143~~
33 143, 143C, and 146 of the General Statutes; provided that, any expense or financial
34 obligation of the State of North Carolina created by any acquisition or disposition, by
35 whatever means, of any real or personal property of the endowment fund shall be borne
36 by the endowment fund unless authorization to satisfy the expense or financial
37 obligation from some other source shall first have been obtained from the Director of
38 the ~~Budget after the Director of the Budget consults with the Advisory Budget~~
39 ~~Commission.~~Budget."

40 **SECTION 56.** G.S. 116D-11(g) reads as rewritten:

41 "(g) University Improvement Bonds Fund. – The proceeds of university
42 improvement general obligation bonds and notes, including premium thereon, if any,
43 except the proceeds of bonds the issuance of which has been anticipated by bond
44 anticipation notes or the proceeds of refunding bonds or notes, shall be placed by the

1 State Treasurer in a special fund to be designated "University Improvement Bonds
2 Fund". Moneys in the University Improvement Bonds Fund shall be used for the
3 purposes set forth in this Article.

4 Any additional moneys that may be received by means of a grant or grants from the
5 United States of America or any agency or department thereof or from any other source
6 to aid in financing the cost of any university improvements authorized by this Article
7 may be placed by the State Treasurer in the University Improvement Bonds Fund or in a
8 separate account or fund and shall be disbursed, to the extent permitted by the terms of
9 the grant or grants, without regard to any limitations imposed by this Article.

10 The proceeds of university improvement general obligation bonds and notes may be
11 used with any other moneys made available by the General Assembly for the making of
12 university improvements, including the proceeds of any other State bond issues,
13 whether previously made available or which may be made available after the effective
14 date of this Article. The proceeds of university improvement bonds and notes shall be
15 expended and disbursed under the direction and supervision of the Director of the
16 Budget. The funds provided by this Article for university improvements shall be
17 disbursed for the purposes provided in this Article upon warrants drawn on the State
18 Treasurer by the State Controller, which warrants shall not be drawn until requisition
19 has been approved by the Director of the Budget and which requisition shall be
20 approved only after full compliance with the ~~Executive Budget Act, Article 1 of Chapter~~
21 ~~143 State Budget Act, Chapter 143C of the General Statutes."~~

22 **SECTION 57.** G.S. 116D-46(g) reads as rewritten:

23 "(g) Community College Bonds Fund. – The proceeds of community college
24 general obligation bonds and notes, including premium thereon, if any, except the
25 proceeds of bonds the issuance of which has been anticipated by bond anticipation notes
26 or the proceeds of refunding bonds or notes, shall be placed by the State Treasurer in a
27 special fund to be designated "Community College Bonds Fund". Moneys in the
28 Community College Bonds Fund shall be used for the purposes set forth in this Article.

29 Any additional moneys that may be received by means of a grant or grants from the
30 United States of America or any agency or department thereof or from any other source
31 to aid in financing the cost of any community college capital facilities authorized by this
32 Article may be placed by the State Treasurer in the Community College Bonds Fund or
33 in a separate account or fund and shall be disbursed, to the extent permitted by the terms
34 of the grant or grants, without regard to any limitations imposed by this Article.

35 The proceeds of community college general obligation bonds and notes may be used
36 with any other moneys made available by the General Assembly for the making of
37 grants to community colleges for capital facilities, including the proceeds of any other
38 State bond issues, whether previously made available or which may be made available
39 after the effective date of this Article. The proceeds of community college bonds and
40 notes shall be expended and disbursed under the direction and supervision of the
41 Director of the Budget. The funds provided by this Article for grants to community
42 colleges shall be disbursed for the purposes provided in this Article upon warrants
43 drawn on the State Treasurer by the State Controller, which warrants shall not be drawn
44 until requisition has been approved by the Director of the Budget and which requisition

1 shall be approved only after full compliance with the ~~Executive Budget Act, Article 1 of~~
2 ~~Chapter 143~~ State Budget Act, Chapter 143C of the General Statutes."

3 **SECTION 58.** G.S. 117-3.1 reads as rewritten:

4 "**§ 117-3.1. Regulatory fee.**

5 (a) Fee imposed. – It is the policy of the State of North Carolina to provide fair
6 regulation of electric and telephone membership corporations in the interest of the
7 public. The cost of regulating electric and telephone membership corporations is a
8 burden incident to the privilege of operating as an electric or telephone membership
9 corporation. Therefore, for the purpose of defraying the cost of regulating electric and
10 telephone membership corporations, every electric and telephone membership
11 corporation subject to the jurisdiction of the Authority shall pay a quarterly regulatory
12 fee, in addition to all other fees and taxes, as provided in this section. The fees collected
13 shall be used only to pay the expenses of the Authority in regulating electric and
14 telephone membership corporations in the interest of the public.

15 (b) Rate. – For each fiscal year, the regulatory fee shall be the greater of the
16 following:

17 (1) The rate established by the General Assembly for that year for each
18 electric membership corporation's North Carolina meter connected for
19 service and each telephone membership corporation's North Carolina
20 access line connected for service for each quarter of the year.

21 (2) Four cents (4¢) for each electric membership corporation's North
22 Carolina meter connected for service and for each telephone
23 membership corporation's North Carolina access line connected for
24 service for each quarter of the year.

25 When the Authority prepares its budget request for the upcoming fiscal year, the
26 Authority shall propose a rate for the regulatory fee. For fiscal years beginning in an
27 odd-numbered year, that proposed rate shall be included in the budget message the
28 Governor submits to the General Assembly pursuant to ~~G.S. 143-11~~. G.S. 143C-3-5. For
29 fiscal years beginning in an even-numbered year, that proposed rate shall be included in
30 a special budget message the Governor shall submit to the General Assembly. If the
31 General Assembly decides to set the regulatory fee at a rate higher than the rate in
32 subdivision (2) of this subsection, it shall set the regulatory fee by law.

33 The regulatory fee may not exceed the amount necessary to generate funds sufficient
34 to defray the estimated cost of the operations of the Authority for the upcoming fiscal
35 year, including a reasonable margin for a reserve fund. The amount of the reserve may
36 not exceed the estimated cost of operating the Authority for the upcoming fiscal year. In
37 calculating the amount of the reserve, the General Assembly shall consider all relevant
38 factors that may affect the cost of operating the Authority or a possible unanticipated
39 increase or decrease in North Carolina electric meters and North Carolina telephone
40 access lines.

41 (c) When Due. – The regulatory fee imposed under this section is due and
42 payable to the Authority on or before the 15th day of the second month following the
43 end of each quarter. Every electric and telephone membership corporation subject to the
44 regulatory fee shall, on or before the date the fee is due for each quarter, prepare and

1 render a report on a form prescribed by the Authority. The report shall state the electric
2 or telephone membership corporation's total North Carolina electric meters or North
3 Carolina telephone access lines connected for service for the preceding quarter and shall
4 be accompanied by any supporting documentation that the Authority may by rule
5 require.

6 (d) Use of Proceeds. – A special fund in the office of the State Treasurer, the
7 North Carolina Rural Electrification Authority Fund (NCREA Fund), is created. The
8 fees collected pursuant to this section and all other funds received by the Authority shall
9 be deposited in the NCREA Fund. The NCREA Fund shall be placed in an interest
10 bearing account and any interest or other income derived from the NCREA Fund shall
11 be credited to the NCREA Fund. Moneys in the NCREA Fund shall only be spent
12 pursuant to an appropriation by the General Assembly.

13 The NCREA Fund shall be subject to the provisions of the ~~Executive Budget Act~~
14 State Budget Act except that no unexpended surplus of the NCREA Fund shall revert to
15 the General Fund. All funds credited to the NCREA Fund shall be used only to pay the
16 expenses of the Authority in regulating electric and telephone membership corporations
17 in the interest of the public as provided by this Chapter."

18 **SECTION 59.** G.S. 120-32(11) reads as rewritten:

19 "**§ 120-32. Commission duties.**

20 The Legislative Services Commission is hereby authorized to:

21 ...

22 (11) To specify the uses within the General Assembly budget of funds
23 appropriated to the General Assembly which remain available for
24 expenditure after the end of the biennial fiscal period, and to revert
25 funds under ~~G.S. 143-18~~.G.S. 143C-1-2."

26 **SECTION 60.** G.S. 120-36.6 reads as rewritten:

27 "**§ 120-36.6. Legislative Fiscal Research staff participation.**

28 ~~Legislative fiscal research staff members may attend all meetings of the Advisory~~
29 ~~Budget Commission and all hearings conducted by or for the Commission, and may~~
30 ~~accompany the Commission to inspect the facilities of the State. The Legislative~~
31 ~~Services Officer shall designate a member of the Fiscal Research staff, and a member of~~
32 ~~the General Research or Bill Drafting staff who may attend all meetings of the Board of~~
33 ~~Awards and Council of State, unless the Board or Council has voted to exclude them~~
34 ~~from the specific meeting, provided that no final action may be taken while they are so~~
35 ~~excluded. The Legislative Services Officer and the Director of Fiscal Research shall be~~
36 ~~notified of all such meetings, hearings and trips in the same manner and at the same~~
37 ~~time as notice is given to members of the ~~Board, Commission~~ Board or Council. The~~
38 ~~Legislative Services Officer and the Director of Fiscal Research shall be provided with~~
39 ~~a copy of all reports, memoranda, and other informational material which are distributed~~
40 ~~to the members of the ~~Board, Commission~~ Board or Council; these reports, memoranda~~
41 ~~and materials shall be delivered to the Legislative Services Officer and the Director of~~
42 ~~Fiscal Research at the same time that they are distributed to the members of the ~~Board,~~~~
43 ~~~~Commission~~ Board or Council."~~

44 **SECTION 61.** G.S. 120-37(c) reads as rewritten:

1 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
2 entitled to other benefits available to permanent legislative employees and shall be paid
3 an annual salary of eighty-eight thousand three hundred six dollars (\$88,306) payable
4 monthly. The Legislative Services Commission shall review the salary of the principal
5 clerks prior to submission of the proposed operating budget of the General Assembly to
6 the Governor ~~and Advisory Budget Commission~~ and shall make appropriate
7 recommendations for changes in those salaries. Any changes enacted by the General
8 Assembly shall be by amendment to this paragraph."

9 **SECTION 62.** G.S. 120-76(8) reads as rewritten:

10 **"§ 120-76. Powers and duties of the Commission.**

11 The Commission shall have the following powers:

12 ...

13 (8) The Joint Legislative Commission on Governmental Operations shall
14 be consulted by the Governor before the Governor does any of the
15 following:

- 16 a. Makes allocations from the Contingency and Emergency Fund.
17 b. Authorizes expenditures in excess of the total requirements of a
18 purpose or program as enacted by the General Assembly and as
19 provided by ~~G.S. 143-23(a1)(3)~~, G.S. 143C-6-4 and
20 G.S. 143C-6-9, except for trust funds as defined in
21 G.S. 116-36.1(g).
22 c. Proceeds to reduce programs subsequent to a reduction of ten
23 percent (10%) or more in the federal fund level certified to a
24 department and any subsequent changes in distribution
25 formulas.
26 d. Takes extraordinary measures under Article III, Section 5(3) of
27 the Constitution to effect necessary economies in State
28 expenditures required for balancing the budget due to a revenue
29 shortfall, including, but not limited to, the following: loans
30 among funds, personnel freezes or layoffs, capital project
31 reversions, program eliminations, and use of reserves. However,
32 if the Committee fails to meet within 10 calendar days of a
33 request by the Governor for its consultation, the Governor may
34 proceed to take the actions he feels are appropriate and
35 necessary and shall then report those actions at the next meeting
36 of the Commission.
37 e. Approves a new capital improvement project funded from gifts,
38 grants, receipts, special funds, self-liquidating indebtedness,
39 and other funds or any combination of funds for the project not
40 specifically authorized by the General Assembly. The budget
41 for each capital project must include projected revenues in an
42 amount not less than projected expenditures.

43 Notwithstanding the provisions of this subdivision or any other
44 provision of law requiring prior consultation by the Governor with the

1 Commission, whenever an expenditure is required because of an
2 emergency that poses an imminent threat to public health or public
3 safety, and is either the result of a natural event, such as a hurricane or
4 a flood, or an accident, such as an explosion or a wreck, the Governor
5 may take action under this subsection without consulting the
6 Commission if the action is determined by the Governor to be related
7 to the emergency. The Governor shall report to the Commission on
8 any expenditures made under this paragraph no later than 30 days after
9 making the expenditure and shall identify in the report the emergency,
10 the type of action taken, and how it was related to the emergency."

11 **SECTION 63.** G.S. 120-259(b) reads as rewritten:

12 "(b) The Committee shall have oversight over implementation of the ~~Capital~~
13 ~~Improvements Planning Act established under Article 1B of Chapter 143 of the General~~
14 ~~Statutes and shall consider the State six year capital improvement plan developed~~
15 ~~pursuant to G.S. 143-34.45.~~ six-year capital improvements plan developed pursuant to
16 G.S. 143C-8-5."

17 **SECTION 64.** G.S. 121-9(f) reads as rewritten:

18 "(f) Emergency Acquisition Where Funds Not Immediately Available. – If funds
19 or contributions for the acquisition of needed historic property are not available, the
20 Governor and Council of State may, upon the recommendation of the Secretary of
21 Cultural Resources and approval of the North Carolina Historical Commission, allocate
22 from the Contingency and Emergency Fund an amount sufficient to acquire an option
23 on the property or properties, which option shall continue until 90 days after the
24 adjournment sine die of the next General Assembly. Upon recommendation of the
25 Secretary and approval of the Historical Commission, the Governor and Council of
26 State may allocate funds from the Contingency and Emergency Fund for the immediate
27 acquisition, preservation, restoration, or operation of historically, archaeologically,
28 architecturally, or culturally important properties. All funds hereinafter appropriated to
29 purchase, restore, maintain, develop, or operate historic or archaeological or other
30 important property shall be administered subject to the provisions of ~~Article 1 of~~
31 ~~Chapter 143~~ Chapter 143C and G.S. 143B-53.1 of the General Statutes unless the statute
32 making the appropriation shall in specific and express terms provide otherwise."

33 **SECTION 65.** G.S. 121-12.1 reads as rewritten:

34 **"§ 121-12.1. Grants-in-aid.**

35 Under the concepts of reorganization of State government, responsibility for
36 administering appropriations to the Department of Cultural Resources for grants-in-aid
37 to private nonprofit organizations in the areas of history, art, and culture is hereby
38 assigned to the Department of Cultural Resources. It shall be the responsibility of the
39 Department of Cultural Resources to receive, analyze, and recommend to the ~~Governor,~~
40 ~~the Advisory Budget Commission,~~ Governor and the General Assembly the disposition
41 of any request for funding received by it from or for any of these organizations, and to
42 disburse under provisions of law any appropriations made to the Department for them.
43 Appropriations to the Department of Cultural Resources for grants-in-aid to assist in the
44 restoration of historic sites owned by private nonprofit organizations shall in addition be

1 expended only in accordance with G.S. 121-11, 121-12 and ~~143-31.2~~. The function of
2 the Advisory Budget Commission under this section applies only if the Director of the
3 Budget consults with the Commission in preparation of the budget. 143B-53.1."

4 **SECTION 66.** G.S. 122A-8.1 reads as rewritten:

5 **"§ 122A-8.1. Powers of the State Treasurer.**

6 Notwithstanding any other provisions of this act, the State Treasurer shall have the
7 exclusive power to issue bonds and notes authorized under the act upon request of the
8 Agency and with the approval of the Local Government Commission.

9 The State Treasurer in his sole discretion shall determine the interest rates,
10 maturities, and other terms and conditions of the bonds and notes authorized by this act.

11 The North Carolina Housing Finance Agency shall determine when a bond issue is
12 indicated. The Agency shall cooperate with the State Treasurer in structuring any bond
13 issue in general, and also in soliciting proposals from financial consultants,
14 underwriters, and bond attorneys.

15 The State Treasurer shall have the exclusive power to employ and designate the
16 financial consultants, underwriters, and bond attorneys to be associated with the bond
17 issue; provided, at least annually, the Treasurer shall seek the written recommendations
18 of the Housing Finance Agency; and, subsequent to each bond issue, the Treasurer shall
19 conduct a formal performance evaluation of the financial consultants, underwriters and
20 bond attorneys which shall be open to public inspection.

21 The Director of the Budget shall provide to the State Treasurer the funds necessary
22 to defray the costs incurred in performing the fiscal functions reserved to the Treasurer
23 under this act from the funds allocated to the Agency pursuant to the 1975 Session
24 Laws. ~~Prior to taking any action under this paragraph, the Director of the Budget may~~
25 ~~consult with the Advisory Budget Commission.~~

26 Nothing in this act is intended to abrogate or diminish the inherent power of the
27 State Treasurer to negotiate the terms and conditions of the bonds and notes, and to
28 issue the bonds and notes authorized by General Statutes Chapter 122A."

29 **SECTION 67.** G.S. 122A-16 reads as rewritten:

30 **"§ 122A-16. Oversight by committees of General Assembly; annual reports.**

31 The Finance Committee of the House of Representatives and the Finance Committee
32 of the Senate shall exercise continuing oversight of the Agency in order to assure that
33 the Agency is effectively fulfilling its statutory purpose; provided, however, that
34 nothing in this Chapter shall be construed as required by the Agency to receive
35 legislative approval for the exercise of any of the powers granted by this Chapter. The
36 Agency shall, promptly following the close of each fiscal year, submit an annual report
37 of its activities for the preceding year to the Governor, the Office of State Budget and
38 Management, State Auditor, the aforementioned committees of the General Assembly,
39 ~~the Advisory Budget Commission~~ Assembly and the Local Government Commission.
40 Each such report shall set forth a complete operating and financial statement of the
41 Agency during such year. The Agency shall cause an audit of its books and accounts to
42 be made at least once in each year by an independent certified public accountant and the
43 cost thereof may be paid from any available moneys of the Agency. The Agency shall
44 on January 1 and July 1 of each year submit a written report of its activities to the Joint

1 Legislative Commission on Governmental Operations. The Agency shall also at the end
2 of each fiscal year submit a written report of its budget expenditures by line item to the
3 Joint Legislative Commission on Governmental Operations."

4 **SECTION 68.** G.S. 122C-185 reads as rewritten:

5 "**§ 122C-185. Application of funds belonging to State facilities.**

6 (a) All moneys and proceeds of property donated to any State facility shall be
7 deposited into the State treasury and accounted for in the appropriate fund as
8 determined by the Secretary and approved by the Office of State Budget and
9 Management. All moneys and proceeds of property donated in which there are special
10 directions for their application and the interest earned on these funds shall be spent as
11 the donor has directed and except as required for deposit with the State treasury, shall
12 not be subject to the provisions of the ~~Executive Budget Act~~ State Budget Act except for
13 capital improvements projects which shall be authorized and executed in accordance
14 with ~~G.S. 143-18.1~~ G.S. 143C-8-8 and G.S. 143C-8-9.

15 (b) Proceeds from the transfer or sale of surplus, obsolete, or unused equipment
16 of State facilities shall be deposited and accounted for in accordance with
17 G.S. 143-49(4).

18 (c) The net proceeds from the sale, lease, rental, or other disposition of real estate
19 owned by a State facility shall be deposited and accounted for in accordance with
20 G.S. 146-30.

21 (d) All proceeds from the operation of vending facilities as defined in
22 G.S. 111-42(d) and operated by State facilities shall be deposited and accounted for in
23 accordance with ~~G.S. 143-12.1~~ the State Budget Act, Chapter 143C of the General
24 Statutes.

25 (e) All other revenues and other receipts collected by a State facility shall be
26 deposited to the credit of the State treasury in accordance with G.S. 147-77."

27 **SECTION 69.** G.S. 126-8.1(c) reads as rewritten:

28 "(c) The Department of Administration may adopt such rules and regulations as
29 are reasonable and necessary to carry out the provisions of this section, with the
30 approval of the Governor. ~~Prior to taking any action under this section, the Governor~~
31 ~~may consult with the Advisory Budget Commission."~~

32 **SECTION 70.** G.S. 130A-470(c) reads as rewritten:

33 "(c) All fees, funds, and gifts received pursuant to this section shall be subject to
34 audit by the State Auditor and shall be expended in conformity with ~~Article 1 of~~
35 ~~Chapter 143~~ Chapter 143C of the General Statutes."

36 **SECTION 71.** G.S. 131A-19 reads as rewritten:

37 "**§ 131A-19. Annual report.**

38 The Commission shall, promptly following the close of each fiscal year, submit an
39 annual report of its activities under this Chapter for the preceding year to the Governor,
40 the State Auditor, the Secretary of Health and Human Services, the General Assembly,
41 ~~the Advisory Budget Commission~~ and the Local Government Commission. The
42 Commission shall cause an audit of its books and accounts relating to its activities under
43 this Chapter to be made at least once in each year by an independent certified public

1 accountant and the cost thereof may be paid from any available moneys of the
2 Commission."

3 **SECTION 72.** G.S. 135-1.1(b) reads as rewritten:

4 "(b) Notwithstanding any other provision of this Chapter, any State board or
5 agency charged with the duty of administering any law relating to the examination and
6 licensing of persons to practice a profession, trade, or occupation, and who is subject to
7 the provisions of the ~~Executive Budget Act, Article 1 of Chapter 143~~State Budget Act,
8 Chapter 143C of the General Statutes, may make an irrevocable election by appropriate
9 resolution of the board, on or before October 1, 2000, to become an employer in the
10 Teachers' and State Employees' Retirement System. Retirement System coverage shall
11 be conditioned on the board's payment of all of the employer's contributions or
12 matching funds from funds of the board and on the board's collecting from its
13 employees the employees' contributions, at such rates as may be fixed by law and by the
14 rules of the Board of Trustees of the Retirement System, all of such funds to be paid to
15 the Retirement System and placed in the appropriate funds. Any person who is an
16 employee of the board on the date the board makes an irrevocable election to participate
17 in the Retirement System may purchase creditable service for periods of employment
18 with the board prior to the election by making a lump-sum payment equal to the full
19 cost of the service credits calculated on the basis of the assumptions used for the
20 purposes of the actuarial valuation of the system's liabilities, and shall take into account
21 the additional retirement allowance arising on account of such additional service credit
22 commencing at the earliest age at which a member could retire on an unreduced
23 retirement allowance, as determined by the Board of Trustees upon the advice of the
24 consulting actuary, plus an administrative fee to be set by the Board of Trustees.
25 Notwithstanding the foregoing provisions of this subdivision that provide for the
26 purchase of service credits, the terms "full cost", "full liability", and "full actuarial cost"
27 include assumed annual postretirement allowance increases, as determined by the Board
28 of Trustees, from the earliest age at which a member could retire on an unreduced
29 service allowance."

30 **SECTION 73.** G.S. 135-8(f) reads as rewritten:

31 "(f) Collection of Contributions. –

32 (1) The collection of members' contributions shall be as follows:

33 a. Each employer shall cause to be deducted on each and every
34 payroll of a member for each and every payroll subsequent to
35 the date of establishment of the Retirement System the
36 contributions payable by such member as provided in this
37 Chapter, and the employer shall draw his warrant for the
38 amount so deducted, payable to the Teachers' and State
39 Employees' Retirement System of North Carolina, and shall
40 transmit the same, together with schedule of the contributions,
41 on such forms as prescribed.

42 (2) The collection of employers' contributions shall be made as follows:

43 a. Upon the basis of each actuarial valuation provided herein there
44 shall be prepared biennially and certified to the Department of

1 Administration a statement of the total amount necessary for the
2 ensuing biennium to the pension accumulation and expense
3 funds, as provided under subsections (d) and (f) of this section,
4 and these funds shall be handled and disbursed in accordance
5 with ~~Chapter 100, Public Laws of 1929, and amendments~~
6 ~~thereto (G.S. 143-1 et seq.), known as the Executive Budget~~
7 ~~Act.~~ the State Budget Act, Chapter 143C of the General Statutes.

8 b. Until the first valuation has been made and the rates computed
9 as provided in subsection (d) of this section, the amount payable
10 by employers on account of the normal and accrued liability
11 contributions shall be five and fifty-one one-hundredths percent
12 (5.51%) of the payroll of all teachers and three and sixteen
13 one-hundredths percent (3.16%) for other State employees.

14 c. Repealed by Session Laws 1993, c. 257, s. 13.

15 d. Each board of education in each county and each board of
16 education in each city in which teachers or other employees of
17 the schools receive compensation for services in the public
18 schools from sources other than the appropriation of the State of
19 North Carolina shall pay the Board of Trustees of the State
20 Retirement System such rate of their respective salaries as are
21 paid those of other employees.

22 e. Each employer shall transmit monthly to the State Retirement
23 System on account of each employee, who is a member of this
24 System, an amount sufficient to cover the normal contribution
25 and the accrued liability contribution of each member employed
26 by such employer for the preceding month.

27 (3) In the event the employee or employer contributions required under
28 this section are not received by the date set by the Board of Trustees,
29 the Board shall assess the employer with a penalty of 1% per month
30 with a minimum penalty of twenty-five dollars (\$25.00). If within 90
31 days after request therefor by the Board any employer shall not have
32 provided the System with the records and other information required
33 hereunder or if the full accrued amount of the contributions provided
34 for under this section due from members employed by an employer or
35 from an employer other than the State shall not have been received by
36 the System from the chief fiscal officer of such employer within 30
37 days after the last due date as herein provided, then, notwithstanding
38 anything herein or in the provisions of any other law to the contrary,
39 upon notification by the Board to the State Treasurer as to the default
40 of such employer as herein provided, any distributions which might
41 otherwise be made to such employer from any funds of the State shall
42 be withheld from such employer until notice from the Board to the
43 State Treasurer that such employer is no longer in default."

44 **SECTION 74.** G.S. 136-12(a1) reads as rewritten:

1 "(a1) The Department of Transportation shall report quarterly beginning on
2 October 15, 1996, and then on the fifteenth of the month following the end of the fiscal
3 quarter, to the Joint Legislative Transportation Oversight Committee on all projects to
4 be built with funds obligated using the cash flow provisions of ~~G.S. 143-28.1.~~
5 G.S. 143C-6-11. The report shall contain a list of the projects and the amount obligated
6 in anticipation of revenues for each year of the project."

7 **SECTION 75.** G.S. 136-28.1 reads as rewritten:

8 "**§ 136-28.1. Letting of contracts to bidders after advertisement; exceptions.**

9 (a) All contracts over one million two hundred thousand dollars (\$1,200,000) that
10 the Department of Transportation may let for construction or repair necessary to carry
11 out the provisions of this Chapter shall be let to a responsible bidder after public
12 advertising under rules and regulations to be made and published by the Department of
13 Transportation. The right to reject any and all bids shall be reserved to the Board of
14 Transportation. Contracts for construction or repair for federal aid projects entered into
15 pursuant to this section shall not contain the standardized contract clauses prescribed by
16 23 U.S.C. § 112(e) and 23 C.F.R. § 635.131(a) for differing site conditions, suspensions
17 of work ordered by the engineer or significant changes in the character of the work. For
18 those federal aid projects, the Department of Transportation shall use only the contract
19 provisions provided in the North Carolina Department of Transportation, Standard
20 Specifications for Roads and Structures, January 1, 1984, except as each may be
21 changed or provided for by rule adopted by the Board of Transportation in accordance
22 with the Administrative Procedure Act.

23 (b) In those cases in which the amount of work to be let to contract for highway
24 construction, maintenance, or repair is one million two hundred thousand dollars
25 (\$1,200,000) or less, at least three informal bids shall be solicited. The term "informal
26 bids" is defined as bids in writing, received pursuant to a written request, without public
27 advertising. All such contracts shall be awarded to the lowest responsible bidder. The
28 Secretary of Transportation shall keep a record of all bids submitted, which record shall
29 be subject to public inspection at any time after the bids are opened.

30 (c) The construction, maintenance, and repair of ferryboats and all other marine
31 floating equipment and the construction and repair of all types of docks by the
32 Department of Transportation shall be deemed highway construction, maintenance, or
33 repair for the purpose of G.S. 136-28.1 and Chapter 44A and ~~Article 1 of Chapter 143,~~
34 ~~"The Executive Budget Act."~~ Chapter 143C of the General Statutes, the State Budget
35 Act. In cases of a written determination by the Secretary of Transportation that the
36 requirement for compatibility does not make public advertising feasible for the repair of
37 ferryboats, the public advertising as well as the soliciting of informal bids may be
38 waived.

39 (d) The construction, maintenance, and repair of the highway rest area buildings
40 and facilities, weight stations and the Department of Transportation's participation in the
41 construction of welcome center buildings shall be deemed highway construction,
42 maintenance, or repair for the purpose of G.S. 136-28.1 and 136-28.3 and ~~Article 1 of~~
43 ~~Chapter 143 of the General Statutes, "The Executive Budget Act."~~ Chapter 143C of the
44 General Statutes, The State Budget Act.

1 (e) The Department of Transportation may enter into contracts for construction,
2 maintenance, or repair without complying with the bidding requirements of this section
3 upon a determination of the Secretary of Transportation or the State Highway
4 Administrator that an emergency exists and that it is not feasible or not in the public
5 interest for the Department of Transportation to comply with the bidding requirements.

6 (f) Notwithstanding any other provision of law, the Department of
7 Transportation may solicit proposals under rules and regulations adopted by the
8 Department of Transportation for all contracts for professional engineering services and
9 other kinds of professional or specialized services necessary in connection with
10 highway construction, maintenance, or repair. In order to promote engineering and
11 design quality and ensure maximum competition by professional firms of all sizes, the
12 Department may establish fiscal guidelines and limitations necessary to promote
13 cost-efficiencies in overhead, salary, and expense reimbursement rates. The right to
14 reject any and all proposals is reserved to the Board of Transportation.

15 (g) The Department of Transportation may enter into contracts for research and
16 development with educational institutions and nonprofit organizations without soliciting
17 bids or proposals.

18 (h) The Department of Transportation may enter into contracts for applied
19 research and experimental work without soliciting bids or proposals; provided, however,
20 that if the research or work is for the purpose of testing equipment, materials, or
21 supplies, the provisions of Article 3 of Chapter 143 of the General Statutes shall apply.
22 The Department of Transportation is encouraged to solicit proposals when contracts are
23 entered into with private firms when it is in the public interest to do so.

24 (i) The Department of Transportation may negotiate and enter into contracts with
25 public utility companies for the lease, purchase, installation, and maintenance of
26 generators for electricity for its ferry repair facilities.

27 (j) Repealed by Session Laws 2002-151, s. 1, effective October 9, 2002.

28 (k) The Department of Transportation may accept bids under this section by
29 electronic means and may issue rules governing the acceptance of these bids. For
30 purposes of this subsection "electronic means" is defined as means relating to
31 technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or
32 similar capabilities."

33 **SECTION 76.** G.S. 136-44.37 reads as rewritten:

34 **"§ 136-44.37. Department to provide nonfederal matching share.**

35 The Department of Transportation upon approval by the Board of Transportation
36 and the Director of the Budget may provide for the matching share of federal rail
37 revitalization assistance programs through private resources, county funds or State
38 appropriations as may be provided by the General Assembly. ~~Prior to taking any action~~
39 ~~under this section, the Director of the Budget may consult with the Advisory Budget~~
40 ~~Commission."~~

41 **SECTION 77.** G.S. 136-44.38 reads as rewritten:

42 **"§ 136-44.38. Department to provide State and federal financial assistance to cities**
43 **and counties for rail revitalization.**

1 (a) The Department of Transportation is authorized to distribute to cities and
2 counties State financial assistance for local rail revitalization programs provided that
3 every rail revitalization project for which State financial assistance would be utilized
4 must be approved by the Board of Transportation and by the Director of the Budget.
5 ~~Prior to taking any action under this section, the Director of the Budget may consult~~
6 ~~with the Advisory Budget Commission.~~

7 (b) Repealed by Session Laws 1989, c. 600, s. 4."

8 **SECTION 78.** G.S. 136-176(d) reads as rewritten:

9 "(d) A contract may be let for projects funded from the Trust Fund in anticipation
10 of revenues pursuant to the cash-flow provisions of ~~G.S. 143-28.1~~ G.S. 143C-6-11 only
11 for the two bienniums following the year in which the contract is let."

12 **SECTION 79.** G.S. 138-4 reads as rewritten:

13 **"§ 138-4. Governor to set salaries of administrative officers; exceptions; longevity**
14 **pay.**

15 The salaries of all State administrative officers not subject to the State Personnel Act
16 shall be set by the Governor, unless a law provides otherwise.

17 Whenever by law it is provided that a salary shall be fixed or set by the General
18 Assembly in the Current Operations Appropriations Act, and that office or position is
19 filled by appointment of the Governor, or the appointment is subject to the approval of
20 the Governor, or is made by a commission a majority of whose members are appointed
21 by the Governor, then the Governor may, increase or decrease the salary of a new
22 appointee by a maximum of ten percent (10%) over or under the salary of that position
23 as provided in the Current Operations Appropriations Act, such increased or decreased
24 salary to remain in effect until changed by the General Assembly or until the end of the
25 fiscal year, whichever occurs first. The Governor under this paragraph may not increase
26 the salary of any nonelected official above the level set in the Current Operations
27 Appropriations Act for any member of the Council of State. This section does not apply
28 to any office filled by election by the people, and does not apply to any office in the
29 legislative or judicial branches.

30 ~~Prior to taking any action under this section, the Governor may consult with the~~
31 ~~Advisory Budget Commission.~~

32 Officials whose salaries are covered by the provisions of this section shall be eligible
33 for longevity pay on the same basis as is provided to employees of the State who are
34 subject to the State Personnel Act."

35 **SECTION 80.** G.S. 140-9 reads as rewritten:

36 **"§ 140-9. Allocations from Contingency and Emergency Fund; expenditures.**

37 The Governor and Council of State are hereby authorized to allot such sums as they
38 may deem appropriate, from the Contingency and Emergency Fund, to the North
39 Carolina Symphony Society, to aid in carrying on the activities of the said Society. All
40 expenditures made by said Society shall be subject to the provisions of ~~G.S. 143-1 to~~
41 ~~143-34, inclusive~~ the State Budget Act, Chapter 143C of the General Statutes."

42 **SECTION 81.** G.S. 140-12 reads as rewritten:

43 **"§ 140-12. Department of Administration authorized to provide space for Art**
44 **Society.**

1 Subject to the approval of the Governor, the Department of Administration is
2 authorized and empowered to set apart, for the administration of the affairs of the State
3 Art Society, Incorporated, space in any of the public buildings in Wake County which
4 may be so used without interference with the conduct of the business of the State. ~~Prior~~
5 ~~to taking any action under this section, the Governor may consult with the Advisory~~
6 ~~Budget Commission."~~

7 **SECTION 82.** G.S. 143-49 reads as rewritten:

8 **"§ 143-49. Powers and duties of Secretary.**

9 The Secretary of Administration shall have power and authority, and it shall be his
10 duty, subject to the provisions of this Article:

- 11 (1) To canvass sources of supply, including sources of supply of materials
12 and supplies with recycled content, and to purchase or to contract for
13 the purchase, lease and lease-purchase of all supplies, materials,
14 equipment and other tangible personal property required by the State
15 government, or any of its departments, institutions or agencies under
16 competitive bidding or otherwise as hereinafter provided.
- 17 (2) To establish and enforce specifications which shall apply to all
18 supplies, materials and equipment to be purchased or leased for the use
19 of the State government or any of its departments, institutions or
20 agencies.
- 21 (3) To purchase or to contract for, by sealed, competitive bidding or other
22 suitable means, all contractual services and needs of the State
23 government, or any of its departments, institutions, or agencies; or to
24 authorize any department, institution or agency to purchase or contract
25 for such services.

26 When the award of any contract for contractual services exceeding
27 a cost of one hundred thousand dollars (\$100,000) requires negotiation
28 with prospective contractors, the Secretary shall request and the
29 Attorney General shall assign a representative of the office of the
30 Attorney General to assist in negotiation for the award of the contract.
31 It shall be the duty of such representative to assist and advise in
32 obtaining the most favorable contract for the State, to evaluate all
33 proposals available from prospective contractors for that purpose, to
34 interpret proposed contract terms and to advise the Secretary or his
35 representatives of the liabilities of the State and validity of the contract
36 to be awarded. All contracts and drafts of such contracts shall be
37 prepared by the office of the Attorney General and copies thereof shall
38 be retained by such office for a period of three years following the
39 termination of such contracts. The term "contractual services" as used
40 in this subsection shall mean work performed by an independent
41 contractor requiring specialized knowledge, experience, expertise or
42 similar capabilities wherein the service rendered does not consist
43 primarily of acquisition by this State of equipment or materials and the
44 rental of equipment, materials and supplies. The term "negotiation" as

1 used herein shall not be deemed to refer to contracts entered into or to
2 be entered into as a result of a competitive bidding process.

3 (4) To have general supervision of all storerooms and stores operated by
4 the State government, or any of its departments, institutions or
5 agencies and to have supervision of inventories of all tangible personal
6 property belonging to the State government, or any of its departments,
7 institutions or agencies. The duties imposed by this subdivision shall
8 not relieve any department, institution or agency of the State
9 government from accountability for equipment, materials, supplies and
10 tangible personal property under its control.

11 (5) To make provision for or to contract for all State printing, including all
12 printing, binding, paper stock, recycled paper stock, supplies, and
13 supplies with recycled content, or materials in connection with the
14 same.

15 (6) To make available to nonprofit corporations operating charitable
16 hospitals, to local nonprofit community sheltered workshops or centers
17 that meet standards established by the Division of Vocational
18 Rehabilitation of the Department of Health and Human Services, to
19 private nonprofit agencies licensed or approved by the Department of
20 Health and Human Services as child placing agencies, residential
21 child-care facilities, private nonprofit rural, community, and migrant
22 health centers designated by the Office of Rural Health and Resource
23 Development, to private higher education institutions that are defined
24 as "institutions" in G.S. 116-22(1), and to counties, cities, towns,
25 governmental entities and other subdivisions of the State and public
26 agencies thereof in the expenditure of public funds, the services of the
27 Department of Administration in the purchase of materials, supplies
28 and equipment under such rules, regulations and procedures as the
29 Secretary of Administration may adopt. In adopting rules and
30 regulations any or all provisions of this Article may be made
31 applicable to such purchases and contracts made through the
32 Department of Administration, and in addition the rules and
33 regulations shall contain a requirement that payment for all such
34 purchases be made in accordance with the terms of the contract. ~~Prior~~
35 ~~to adopting rules and regulations under this subdivision, the Secretary~~
36 ~~of Administration may consult with the Advisory Budget Commission.~~

37 (6) **(See Editor's note for effective date)** To make available to nonprofit
38 corporations operating charitable hospitals, to local nonprofit
39 community sheltered workshops or centers that meet standards
40 established by the Division of Vocational Rehabilitation of the
41 Department of Health and Human Services, to private nonprofit
42 agencies licensed or approved by the Department of Health and
43 Human Services as child placing agencies, residential child-care
44 facilities, private nonprofit rural, community, and migrant health

1 centers designated by the Office of Rural Health and Resource
2 Development, to private higher education institutions that are defined
3 as "institutions" in G.S. 116-22(1), and to counties, cities, towns, local
4 school administrative units, governmental entities and other
5 subdivisions of the State and public agencies thereof in the expenditure
6 of public funds, the services of the Department of Administration in
7 the purchase of materials, supplies and equipment under such rules,
8 regulations and procedures as the Secretary of Administration may
9 adopt. In adopting rules and regulations any or all provisions of this
10 Article may be made applicable to such purchases and contracts made
11 through the Department of Administration, and in addition the rules
12 and regulations shall contain a requirement that payment for all such
13 purchases be made in accordance with the terms of the contract. ~~Prior~~
14 ~~to adopting rules and regulations under this subdivision, the Secretary~~
15 ~~of Administration may consult with the Advisory Budget Commission.~~

16 (7) To evaluate the nonprofit qualifications and capabilities of qualified
17 work centers to manufacture commodities or perform services.

18 (8) To establish and maintain a procurement card program for use by State
19 agencies, community colleges, nonexempted constituent institutions of
20 The University of North Carolina, and local school administrative
21 units. The Secretary of Administration may adopt temporary rules for
22 the implementation and operation of the program in accordance with
23 the payment policies of the State Controller, after consultation with the
24 Office of Information Technology Services. These rules would include
25 the establishment of appropriate order limits that leverage the cost
26 savings and efficiencies of the procurement card program in
27 conjunction with the fullest possible use of the North Carolina
28 E-Procurement Service. Prior to implementing the program, the
29 Secretary shall consult with the State Controller, the UNC General
30 Administration, the Community Colleges System Office, the State
31 Auditor, the Department of Public Instruction, a representative chosen
32 by the local school administrative units, and the Office of Information
33 Technology Services. The Secretary may periodically adjust the order
34 limit authorized in this section after consulting with the State
35 Controller, the UNC General Administration, the Community Colleges
36 System Office, the Department of Public Instruction, and the Office of
37 Information Technology Services.

38 (8) **(See Editor's note for effective date)** To establish and maintain a
39 procurement card program for use by State agencies, community
40 colleges, and nonexempted constituent institutions of The University
41 of North Carolina. The Secretary of Administration may adopt
42 temporary rules for the implementation and operation of the program
43 in accordance with the payment policies of the State Controller, after
44 consultation with the Office of Information Technology Services.

1 These rules would include the establishment of appropriate order limits
2 that leverage the cost savings and efficiencies of the procurement card
3 program in conjunction with the fullest possible use of the North
4 Carolina E-Procurement Service. Prior to implementing the program,
5 the Secretary shall consult with the State Controller, the UNC General
6 Administration, the Community Colleges System Office, the State
7 Auditor, the Department of Public Instruction, a representative chosen
8 by the local school administrative units, and the Office of Information
9 Technology Services. The Secretary may periodically adjust the order
10 limit authorized in this section after consulting with the State
11 Controller, the UNC General Administration, the Community Colleges
12 System Office, the Department of Public Instruction, and the Office of
13 Information Technology Services."

14 **SECTION 83.** G.S. 143-52 reads as rewritten:

15 **"§ 143-52. Competitive bidding procedure; consolidation of estimates by**
16 **Secretary; bids; awarding of contracts.**

17 As feasible, the Secretary of Administration will compile and consolidate all such
18 estimates of supplies, materials, printing, equipment and contractual services needed
19 and required by State departments, institutions and agencies to determine the total
20 requirements of any given commodity. Where such total requirements will involve an
21 expenditure in excess of the expenditure benchmark established under the provisions of
22 G.S. 143-53.1 and where the competitive bidding procedure is employed as hereinafter
23 provided, sealed bids shall be solicited by advertisement in a newspaper widely
24 distributed in this State or through electronic means, or both, as determined by the
25 Secretary to be most advantageous, at least once and at least 10 days prior to the date
26 designated for opening. Except as otherwise provided under this Article, contracts for
27 the purchase of supplies, materials or equipment shall be based on competitive bids and
28 acceptance made of the lowest and best bid(s) most advantageous to the State as
29 determined upon consideration of the following criteria: prices offered; the quality of
30 the articles offered; the general reputation and performance capabilities of the bidders;
31 the substantial conformity with the specifications and other conditions set forth in the
32 request for bids; the suitability of the articles for the intended use; the personal or
33 related services needed; the transportation charges; the date or dates of delivery and
34 performance; and such other factor(s) deemed pertinent or peculiar to the purchase in
35 question, which if controlling shall be made a matter of record. Competitive bids on
36 such contracts shall be received in accordance with rules and regulations to be adopted
37 by the Secretary of Administration, which rules and regulations shall prescribe for the
38 manner, time and place for proper advertisement for such bids, the time and place when
39 bids will be received, the articles for which such bids are to be submitted and the
40 specifications prescribed for such articles, the number of the articles desired or the
41 duration of the proposed contract, and the amount, if any, of bonds or certified checks to
42 accompany the bids. Bids shall be publicly opened. Any and all bids received may be
43 rejected. Each and every bid conforming to the terms of the invitation, together with the
44 name of the bidder, shall be tabulated and that tabulation shall become public record in

1 accordance with the rules adopted by the Secretary. All contract information shall be
2 made a matter of public record after the award of contract. Provided, that trade secrets,
3 test data and similar proprietary information may remain confidential. A bond for the
4 faithful performance of any contract may be required of the successful bidder at bidder's
5 expense and in the discretion of the Secretary of Administration. When the dollar value
6 of a contract for the purchase, lease, or lease/purchase of equipment, materials, and
7 supplies exceeds the benchmark established by G.S. 143-53.1, the contract shall be
8 reviewed by the Board of Awards pursuant to G.S. 143-52.1 prior to the contract being
9 awarded. After contracts have been awarded, the Secretary of Administration shall
10 certify to the departments, institutions and agencies of the State government the sources
11 of supply and the contract price of the supplies, materials and equipment so contracted
12 for. ~~Prior to adopting other methods of advertisement under this section, the Secretary~~
13 ~~of Administration may consult with the Advisory Budget Commission. Prior to adopting~~
14 ~~rules and regulations under this section, the Secretary of Administration may consult~~
15 ~~with the Advisory Budget Commission."~~

16 **SECTION 84.** G.S. 143-53(c) reads as rewritten:

17 "(c) The purpose of rules promulgated hereunder shall be to promote sound
18 purchasing management.

19 ~~Prior to adopting rules under this section, the Secretary of Administration may~~
20 ~~consult with the Advisory Budget Commission."~~

21 **SECTION 85.** G.S. 143-60 reads as rewritten:

22 **"§ 143-60. Rules covering certain purposes.**

23 The Secretary of Administration may adopt, modify, or abrogate rules covering the
24 following purposes, in addition to those authorized elsewhere in this Article:

- 25 (1) Requiring reports by State departments, institutions, or agencies of
26 stocks of supplies and materials and equipment on hand and
27 prescribing the form of such reports.
- 28 (2) Prescribing the manner in which supplies, materials and equipment
29 shall be delivered, stored and distributed.
- 30 (3) Prescribing the manner of inspecting deliveries of supplies, materials
31 and equipment and making chemicals and/or physical tests of samples
32 submitted with bids and samples of deliveries to determine whether
33 deliveries have been made in compliance with specifications.
- 34 (4) Prescribing the manner in which purchases shall be made in
35 emergencies.
- 36 (5) Providing for such other matters as may be necessary to give effect to
37 foregoing rules and provisions of this Article.
- 38 (6) Prescribing the manner in which passenger vehicles shall be
39 purchased.

40 Further, the Secretary of Administration may prescribe appropriate procedures
41 necessary to enable the State, its institutions and agencies, to obtain materials surplus or
42 otherwise available from federal, State or local governments or their disposal agencies.

43 ~~Prior to taking any action under this section, the Secretary of Administration may~~
44 ~~consult with the Advisory Budget Commission."~~

1 **SECTION 86.** G.S. 143-63 reads as rewritten:

2 "**§ 143-63. Financial interest of officers in sources of supply; acceptance of bribes.**

3 Neither the Secretary of Administration, nor any assistant of ~~his, nor any member of~~
4 ~~the Advisory Budget Commission~~ the Secretary's shall be financially interested, or have
5 any personal beneficial interest, either directly or indirectly, in the purchase of, or
6 contract for, any materials, equipment or supplies, nor in any firm, corporation,
7 partnership or association furnishing any such supplies, materials or equipment to the
8 State government, or any of its departments, institutions or agencies, nor shall such
9 Secretary, assistant, or member of the Commission accept or receive, directly or
10 indirectly, from any person, firm or corporation to whom any contract may be awarded,
11 by rebate, gifts or otherwise, any money or anything of value whatsoever, or any
12 promise, obligation or contract for future reward or compensation. Any violation of this
13 section shall be deemed a Class F felony. Upon conviction thereof, any such ~~Secretary,~~
14 ~~assistant or member of the Commission~~ Secretary or assistant shall be removed from
15 office."

16 **SECTION 87.** G.S. 143-135.27 reads as rewritten:

17 "**§ 143-135.27. (Effective until October 1, 2006) Definition of capital improvement**
18 **project.**

19 As used in this Article, "State capital improvement project" means the construction
20 of and any alteration, renovation, or addition to State buildings, as defined in
21 G.S. 143-336, for which State funds, as defined in ~~G.S. 143-1,~~ G.S. 143C-1-1, are used
22 and which is required by G.S. 143-129 to be publicly advertised. "State capital
23 improvement project" does not include a performance-based cleanup of environmental
24 damage resulting from the discharge or release of a petroleum product from an
25 underground storage tank pursuant to G.S. 143-215.94B(f) and G.S. 143-215.94D(f).

26 "**§ 143-135.27. (Effective October 1, 2006) Definition of capital improvement**
27 **project.**

28 As used in this Article, "State capital improvement project" means the construction
29 of and any alteration, renovation, or addition to State buildings, as defined in
30 G.S. 143-336, for which State funds, as defined in ~~G.S. 143-1,~~ G.S. 143C-1-1, are used
31 and which is required by G.S. 143-129 to be publicly advertised."

32 **SECTION 88.** G.S. 143-214.4(g) reads as rewritten:

33 "(g) Any person who uses any cleaning agent in violation of the provisions of this
34 section shall be responsible for an infraction for which the sanction is a penalty of not
35 more than ten dollars (\$10.00). Notwithstanding ~~G.S. 143-3.1(a),~~ G.S. 14-3.1(a), the
36 clear proceeds of infractions pursuant to this section shall be remitted to the Civil
37 Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2."

38 **SECTION 89.** G.S. 143-215.40(a) reads as rewritten:

39 "(a) The boards of commissioners of the several counties, in behalf of their
40 respective counties, the governing bodies of the several municipalities, in behalf of their
41 respective municipalities, the governing bodies of any other local government units, in
42 behalf of their units, and the North Carolina Environmental Management Commission,
43 in behalf of the State of North Carolina, subject to the approval of the Governor, are
44 hereby authorized to adopt such resolutions or ordinances as may be required giving

1 assurances to any appropriate agency of the United States government for the
2 fulfillment of the required items of local cooperation as expressed in acts of Congress or
3 congressional documents, as conditions precedent to the accomplishment of river and
4 harbor, flood control or other such civil works projects, when it shall appear, and is
5 determined by such board or governing body that any such project will accrue to the
6 general or special benefit of such county or municipality or to a region of the State. In
7 each case where the subject of such local cooperation requirements comes before a
8 board of county commissioners or the governing body of any municipality or other local
9 unit a copy of its final action, whether it be favorable or unfavorable, shall be sent to the
10 Secretary of Environment and Natural Resources for the information of the Governor.
11 ~~Prior to taking any action under this section, the Governor may consult with the~~
12 ~~Advisory Budget Commission."~~

13 **SECTION 90.** G.S. 143-215.73 reads as rewritten:

14 **"§ 143-215.73. Recommendation and disbursal of grants.**

15 After review of grant applications, project funds shall be disbursed and monitored by
16 the Department. ~~After review, but before transfer of funds from the Department's~~
17 ~~reserve fund into accounts for specific projects, the Secretary may forward the~~
18 ~~applications to the Advisory Budget Commission for its review of the~~
19 ~~recommendations."~~

20 **SECTION 91.** G.S. 143-215.73A(e) reads as rewritten:

21 "(e) Distribution of the plan. ~~The Director of the Budget shall provide copies of~~
22 ~~the plan to the members of the Advisory Budget Commission when the Advisory~~
23 ~~Budget Commission meets to deliberate on the biennial budget or on the revised budget~~
24 ~~for the second year of the biennium. The Director of the Budget shall also provide~~
25 copies of the plan to the General Assembly along with the recommended biennial
26 budget and the recommended revised budget for the second year of the biennium."

27 **SECTION 92.** G.S. 143-250 reads as rewritten:

28 **"§ 143-250. Wildlife Resources Fund.**

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

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

37 Except as otherwise specifically provided by law, all moneys derived from hunting,
38 fishing, trapping, and related license fees, exclusive of commercial fishing license fees,
39 including the income received and accruing from the investment of license revenues,
40 and all funds thereafter received from whatever sources shall be deposited to the credit
41 of the Wildlife Resources Fund and made available to the Commission until expended
42 subject to the provisions of this Article. License revenues include the proceeds from the
43 sale of hunting, fishing, trapping, and related licenses, from the sale, lease, rental, or
44 other granting of rights to real or personal property acquired or produced with license

1 revenues, and from federal aid project reimbursements to the extent that license
2 revenues originally funded the project for which the reimbursement is being made. For
3 purposes of this section, real property includes lands, buildings, minerals, energy
4 resources, timber, grazing rights, and animal products. Personal property includes
5 equipment, vehicles, machines, tools, and annual crops. The Wildlife Resources Fund
6 herein created shall be subject to the provisions of the ~~Executive Budget Act, Chapter~~
7 ~~143, Article 1 of State Budget Act, Chapter 143C of the~~ General Statutes of North
8 Carolina as amended, and the provisions of the General Statutes of North Carolina as
9 amended, and the provisions of the Personnel Act, Chapter 143, Article 2 of the General
10 Statutes of North Carolina as amended.

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

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

24 **SECTION 93.** G.S. 143-318.14A(a) reads as rewritten:

25 "(a) Except as provided in subsection (e) below, all official meetings of
26 commissions, committees, and standing subcommittees of the General Assembly
27 (including, without limitation, joint committees and study committees), shall be held in
28 open session. For the purpose of this section, the following also shall be considered to
29 be "commissions, committees, and standing subcommittees of the General Assembly":

- 30 (1) The Legislative Research Commission;
- 31 (2) The Legislative Services Commission;
- 32 ~~(3) The Advisory Budget Commission;~~
- 33 (4) The Joint Legislative Utility Review Committee;
- 34 (5) The Joint Legislative Commission on Governmental Operations;
- 35 (6) The Joint Legislative Commission on Municipal Incorporations;
- 36 (7) Repealed by Session Laws 1997, c. 443, s. 12.30, effective August 28,
37 1997.
- 38 (8) The Joint Select Committee on Low-Level Radioactive Waste;
- 39 (9) The Environmental Review Commission;
- 40 (10) The Joint Legislative Transportation Oversight Committee;
- 41 (11) The Joint Legislative Education Oversight Committee;
- 42 (12) The Joint Legislative Commission on Future Strategies for North
43 Carolina;
- 44 (13) The Commission on Children with Special Needs;

- 1 (14) The Legislative Committee on New Licensing Boards;
2 (15) The Agriculture and Forestry Awareness Study Commission;
3 (16) The North Carolina Study Commission on Aging; and
4 (17) The standing Committees on Pensions and Retirement."

5 **SECTION 94.** G.S. 143-318.15 is repealed.

6 **SECTION 95.** G.S. 143-318.18 reads as rewritten:

7 **"§ 143-318.18. Exceptions.**

8 This Article does not apply to:

- 9 (1) Grand and petit juries.
10 (2) Any public body that is specifically authorized or directed by law to
11 meet in executive or confidential session, to the extent of the
12 authorization or direction.
13 (3) The Judicial Standards Commission.
14 (4) Repealed by Session Laws 1991, c. 694, s. 9.
15 (4a) The Legislative Ethics Committee.
16 (4b) A conference committee of the General Assembly.
17 (4c) A caucus by members of the General Assembly; however, no member
18 of the General Assembly shall participate in a caucus which is called
19 for the purpose of evading or subverting this Article.
20 (5) Law enforcement agencies.
21 (6) A public body authorized to investigate, examine, or determine the
22 character and other qualifications of applicants for professional or
23 occupational licenses or certificates or to take disciplinary actions
24 against persons holding such licenses or certificates, (i) while
25 preparing, approving, administering, or grading examinations or (ii)
26 while meeting with respect to an individual applicant for or holder of
27 such a license or certificate. This exception does not amend, repeal, or
28 supersede any other statute that requires a public hearing or other
29 practice and procedure in a proceeding before such a public body.
30 (7) Any public body subject to the ~~Executive Budget Act (G.S. 143-1 et~~
31 ~~seq.)~~ State Budget Act, Chapter 143C of the General Statutes and
32 exercising quasi-judicial functions, during a meeting or session held
33 solely for the purpose of making a decision in an adjudicatory action
34 or proceeding.
35 (8) The boards of trustees of endowment funds authorized by G.S. 116-36
36 or G.S. 116-238.
37 (9) Repealed by Session Laws 1991, c. 694, s. 9.
38 (10) The Board of Awards.
39 (11) The General Court of Justice."

40 **SECTION 96.** G.S. 143-341(3) reads as rewritten:

41 **"§ 143-341. Powers and duties of Department.**

42 The Department of Administration has the following powers and duties:

- 43 ...
44 (3) Architecture and Engineering:

- 1 a. To examine and approve all plans and specifications for the
- 2 construction or renovation of:
- 3 1. All State buildings or buildings located on State lands,
- 4 except those buildings over which a local building code
- 5 inspection department has and exercises jurisdiction; and
- 6 2. All community college buildings requiring the estimated
- 7 expenditure for construction or repair work for which
- 8 public bidding is required under G.S. 143-129 prior to
- 9 the awarding of a contract for such work; and to examine
- 10 and approve all changes in those plans and specifications
- 11 made after the contract for such work has been awarded.
- 12 b. To assist, as necessary, all agencies in the preparation of
- 13 requests for appropriations for the construction or renovation of
- 14 all State buildings.
- 15 b1. To certify that a statement of needs pursuant to ~~G.S. 143-6~~
- 16 G.S. 143C-3-3 is feasible. For purposes of this sub-subdivision,
- 17 "feasible" means that the proposed project is sufficiently
- 18 defined in overall scope; building program; site development;
- 19 detailed design, construction, and equipment budgets; and
- 20 comprehensive project scheduling so as to reasonably ensure
- 21 that it may be completed with the amount of funds requested.
- 22 At the discretion of the General Assembly, advanced planning
- 23 funds may be appropriated in support of this certification. This
- 24 sub-subdivision shall not apply to requests for appropriations of
- 25 less than one hundred thousand dollars (\$100,000).
- 26 c. To supervise the letting of all contracts for the design,
- 27 construction or renovation of all State buildings and all
- 28 community college buildings whose plans and specifications
- 29 must be examined and approved under a.2. of this subdivision.
- 30 d. To supervise and inspect all work done and materials used in
- 31 the construction or renovation of all State buildings and all
- 32 community college buildings whose plans and specifications
- 33 must be examined and approved under a.2. of this subdivision;
- 34 and no such work may be accepted by the State or by any State
- 35 agency until it has been approved by the Department.

36 Except for sub-subdivisions b. and b1. of this subdivision, this
 37 subdivision does not apply to the design, construction, or renovation of
 38 projects by The University of North Carolina pursuant to
 39 G.S. 116-31.11."

40 **SECTION 97.** G.S. 143-341(8) reads as rewritten:

41 **"§ 143-341. Powers and duties of Department.**

42 The Department of Administration has the following powers and duties:

- 43 ...
- 44 (8) General Services:

- 1 a. To locate, maintain and care for public buildings and grounds;
2 to establish, locate, maintain, and care for walks, driveways,
3 trees, shrubs, flowers, fountains, monuments, memorials,
4 markers, and tablets on public grounds; and to beautify the
5 public grounds.
- 6 b. To provide necessary and adequate cleaning and janitorial
7 service, elevator operation service, and other operation or
8 maintenance services for the public buildings and grounds.
- 9 c. To provide necessary night watchmen for the public buildings
10 and grounds.
- 11 d. To make prompt repair of all public buildings and the
12 equipment, furniture, and fixtures thereof; and to establish and
13 operate shops for that purpose.
- 14 e. To keep in repair, out of funds appropriated for that purpose,
15 the furniture of the halls of the Senate and House of
16 Representatives and the rooms of the Capitol used by the
17 officers, clerks, and other employees of the General Assembly.
- 18 f. Struck out by Session Laws 1959, c. 68, s. 3.
- 19 g. To establish and operate a mail service center that shall be used
20 by all State agencies other than the Employment Security
21 Commission, and in connection therewith and in the discretion
22 of the Secretary, to do all things necessary in connection with
23 the maintenance of the mail service center. The Secretary shall
24 allocate and charge against the respective departments and
25 agencies their proportionate parts of the cost of the maintenance
26 of the mail service center. The Secretary shall develop a plan
27 for the efficient operation of the center that meets the needs of
28 State agencies, ensures timely delivery of mail, and ensures no
29 loss of federal funds.
- 30 h. To provide necessary and adequate messenger service for the
31 State agencies served by the Department. However, this may
32 not be construed as preventing the employment and control of
33 messengers by any State agency when those messengers are
34 compensated out of the funds of the employing agency.
- 35 i. To establish and operate a central motor pool and such
36 subsidiary related facilities as the Secretary may deem
37 necessary, and to that end:
- 38 1. To establish and operate central facilities for the
39 maintenance, repair, and storage of state-owned
40 passenger motor vehicles for the use of State agencies; to
41 utilize any available State facilities for that purpose; and
42 to establish such subsidiary facilities as the Secretary
43 may deem necessary.

- 1 2. To acquire passenger motor vehicles by transfer from
2 other State agencies and by purchase. All motor vehicles
3 transferred to or purchased by the Department shall
4 become part of a central motor pool.
- 5 3. To require on a schedule determined by the Department
6 all State agencies to transfer ownership, custody or
7 control of any or all passenger motor vehicles within the
8 ownership, custody or control of that agency to the
9 Department, except those motor vehicles under the
10 ownership, custody or control of the Highway Patrol or
11 the State Bureau of Investigation which are used
12 primarily for law-enforcement purposes, and except
13 those motor vehicles under the ownership, custody or
14 control of the Department of Crime Control and Public
15 Safety for Butner Public Safety which are used primarily
16 for law-enforcement, fire, or emergency purposes.
- 17 4. To maintain, store, repair, dispose of, and replace
18 state-owned motor vehicles under the control of the
19 Department, using best management practices. The
20 Department shall ensure that state-owned vehicles are
21 replaced when most cost effective using a replacement
22 formula developed by the Department and reviewed
23 periodically for appropriateness of use. The Department
24 shall report semiannually to the cochairs of the Joint
25 Appropriations Subcommittee on General Government,
26 on or before October 15 and March 15, on the effect of
27 any new or revised replacement formula on the cost of
28 operating the central motor pool, including the amount of
29 any savings from use of any new or revised replacement
30 formula.
- 31 5. Upon proper requisition, proper showing of need for use
32 on State business only, and proper showing of proof that
33 all persons who will be driving the motor vehicle have
34 valid drivers' licenses, to assign economically suitable
35 transportation, either on a temporary or permanent basis,
36 to any State employee or agency. An agency assigned a
37 motor vehicle may not allow a person to operate that
38 motor vehicle unless that person displays to the agency
39 and allows the agency to copy that person's valid driver's
40 license. Notwithstanding G.S. 20-30(6), persons or
41 agencies requesting assignment of motor vehicles may
42 photostat or otherwise reproduce drivers' licenses for
43 purposes of complying with this subpart.

1 As used in this subpart, "economically suitable
2 transportation" means the most cost-effective standard
3 vehicle in the State motor fleet, unless special towing
4 provisions are required by the agency. The Department
5 may not assign any employee or agency a motor vehicle
6 that is not economically suitable. The Department shall
7 not approve requests for vehicle assignment or
8 reassignment when the purpose of that assignment or
9 reassignment is to provide any employee with a newer or
10 lower mileage vehicle because of his or her rank,
11 management authority, or length of service or because of
12 any non-job-related reason. The Department shall not
13 assign "special use" vehicles, such as four-wheel drive
14 vehicles or law enforcement vehicles, to any agency or
15 individual except upon written justification, verified by
16 historical data, and accepted by the Secretary. The
17 Department may provide law enforcement vehicles only
18 to those agencies which have statutory pursuit authority.

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

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

- 26 I. Pursuit vehicles and full size four-wheel drive
27 vehicles \$.24/mile.
28 II. Vans and compact four-wheel drive vehicles –
29 \$.22/mile.
30 III. All other vehicles – \$.20/mile.
31 7. To adopt, with the approval of the Governor, reasonable
32 rules for the efficient and economical operation,
33 maintenance, repair, and replacement, as limited in
34 paragraph 4. of this subdivision, of all state-owned motor
35 vehicles under the control of the Department, and to
36 enforce those rules; and to adopt, with the approval of
37 the Governor, reasonable rules regulating the use of
38 private motor vehicles upon State business by the
39 officers and employees of State agencies, and to enforce
40 those rules. The Department, with the approval of the
41 Governor, may delegate to the respective heads of the
42 agencies to which motor vehicles are permanently
43 assigned by the Department the duty of enforcing the
44 rules adopted by the Department pursuant to this

1 paragraph. Any person who violates a rule adopted by
2 the Department and approved by the Governor is guilty
3 of a Class 1 misdemeanor.

4 7a. To adopt with the approval of the Governor and to
5 enforce rules and to coordinate State policy regarding (i)
6 the permanent assignment of state-owned passenger
7 motor vehicles and (ii) the use of and reimbursement for
8 those vehicles for the limited commuting permitted by
9 this subdivision. For the purpose of this subdivision 7a,
10 "state-owned passenger motor vehicle" includes any
11 state-owned passenger motor vehicle, whether or not
12 owned, maintained or controlled by the Department of
13 Administration, and regardless of the source of the funds
14 used to purchase it. Notwithstanding the provisions of
15 G.S. 20-190 or any other provisions of law, all
16 state-owned passenger motor vehicles are subject to the
17 provisions of this subdivision 7a; no permanent
18 assignment shall be made and no one shall be exempt
19 from payment of reimbursement for commuting or from
20 the other provisions of this subdivision 7a except as
21 provided by this subdivision 7a. Commuting, as defined
22 and regulated by this subdivision, is limited to those
23 specific cases in which the Secretary has received and
24 accepted written justification, verified by historical data.
25 The Department shall not assign any state-owned motor
26 vehicle that may be used for commuting other than those
27 authorized by the procedure prescribed in this
28 subdivision.

29 A State-owned passenger motor vehicle shall not be
30 permanently assigned to an individual who is likely to
31 drive it on official business at a rate of less than 3,150
32 miles per quarter unless (i) the individual's duties are
33 routinely related to public safety or (ii) the individual's
34 duties are likely to expose the individual routinely to
35 life-threatening situations. A State-owned passenger
36 motor vehicle shall also not be permanently assigned to
37 an agency that is likely to drive it on official business at
38 a rate of less than 3,150 miles per quarter unless the
39 agency can justify to the Division of Motor Fleet
40 Management the need for permanent assignment because
41 of the unique use of the vehicle. Each agency, other than
42 the Department of Transportation, that has a vehicle
43 assigned to it or has an employee to whom a vehicle is
44 assigned shall submit a quarterly report to the Division

1 of Motor Fleet Management on the miles driven during
2 the quarter by the assigned vehicle. The Division of
3 Motor Fleet Management shall review the report to
4 verify that each motor vehicle has been driven at the
5 minimum allowable rate. If it has not and if the
6 department by whom the individual to which the car is
7 assigned is employed or the agency to which the car is
8 assigned cannot justify the lower mileage for the quarter,
9 the permanent assignment shall be revoked immediately.
10 The Department of Transportation shall submit an annual
11 report to the Division of Motor Fleet Management on the
12 miles driven during the year by vehicles assigned to the
13 Department or to employees of the Department. If a
14 vehicle included in this report has not been driven at
15 least 12,600 miles during the year, the Department of
16 Transportation shall review the reasons for the lower
17 mileage and decide whether to terminate the assignment.
18 The Division of Motor Fleet Management may not
19 revoke the assignment of a vehicle to the Department of
20 Transportation or an employee of that Department for
21 failure to meet the minimum mileage requirement unless
22 the Department of Transportation consents to the
23 revocation.

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

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

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

- 36 I. Uses the vehicle for other than official business
37 except in accordance with the commuting rules;
- 38 II. Fails to supply required reports to the Department
39 of Administration, or supplies incomplete reports,
40 or supplies reports in a form unacceptable to the
41 Department of Administration and does not cure
42 the deficiency within 30 days of receiving a
43 request to do so;

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

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

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

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

31 Notwithstanding the provisions of this section and
32 G.S. 14-247, the Department of Administration may
33 allow the organization sanctioned by the Governor's
34 Council on Physical Fitness to conduct the North
35 Carolina State Games to use State trucks and vans for the
36 State Games of North Carolina. The Department of
37 Administration shall not charge any fees for the use of
38 the vehicles for the State Games. The State shall incur no
39 liability for any damages resulting from the use of
40 vehicles under this provision. The organization that
41 conducts the State Games shall carry liability insurance
42 of not less than one million dollars (\$1,000,000)
43 covering such vehicles while in its use and shall be

- 1 responsible for the full cost of repairs to these vehicles if
2 they are damaged while used for the State Games.
- 3 8. To adopt and administer rules for the control of all
4 state-owned passenger motor vehicles and to require
5 State agencies to keep all records and make all reports
6 regarding motor vehicle use as the Secretary deems
7 necessary.
- 8 9. To acquire motor vehicle liability insurance on all
9 State-owned motor vehicles under the control of the
10 Department.
- 11 10. To contract with the appropriate State prison authorities
12 for the furnishing, upon such conditions as may be
13 agreed upon from time to time between such State prison
14 authorities and the Secretary, of prison labor for use in
15 connection with the operation of a central motor pool
16 and related activities.
- 17 11. To report annually to the General Assembly on any rules
18 adopted, amended or repealed under paragraphs 3, 7, or
19 7a of this subdivision.
- 20 j. To establish and operate central mimeographing and duplicating
21 services, central stenographical and clerical pools, and other
22 central services, if the Governor after appropriate investigation
23 deems it advisable from the standpoint of efficiency and
24 economy in operation to establish any or all such services. The
25 Secretary may allocate and charge against the respective
26 agencies their proportionate part of the cost of maintenance and
27 operation of the central services which are established, in
28 accordance with the rules adopted by him and approved by the
29 Governor and Council of State pursuant to paragraph k, below.
30 Upon the establishment of central mimeographing and
31 duplicating services, the Secretary may, with the approval of the
32 Governor, require any State agency to be served by those
33 central services to transfer to the Department ownership,
34 custody, and control of any or all mimeographing and
35 duplicating equipment and supplies within the ownership,
36 custody, or control of such agency.
- 37 k. To require the State agencies and their officers and employees
38 to utilize the central facilities and services which are
39 established; and to adopt, with the approval of the Governor and
40 Council of State, reasonable rules and procedures requiring the
41 utilization of such central facilities and services, and governing
42 their operation and the charges to be made for their services.
- 43 l. To provide necessary information service for visitors to the
44 Capitol.

1 m. To perform such additional duties and exercise such additional
2 powers as may be assigned to it by statute or by the Governor."

3 **SECTION 98.** G.S. 143-344(d) is repealed.

4 **SECTION 99.** G.S. 143-722(b) reads as rewritten:

5 "(b) Any non-State corporation, organization, or institution that receives, uses, or
6 expends any funds from the Commission is subject to the applicable reporting
7 requirements of ~~G.S. 143-6-1~~G.S. 143C-6-13."

8 **SECTION 100.** G.S. 143A-10 reads as rewritten:

9 **"§ 143A-10. Governor; continuation of powers and duties; staff.**

10 All powers, duties and functions vested by law in the Governor or in the office of
11 Governor are continued, except as otherwise provided by this Chapter.

12 The immediate staff of the Governor shall not be subject to the State Personnel Act;
13 however, salaries for these positions shall be filed with the General Assembly pursuant
14 to ~~G.S. 143-34.3 commencing with the 1973 General Assembly Act.~~"

15 **SECTION 101.** G.S. 143B-10(d) reads as rewritten:

16 "(d) Appointment of Committees or Councils. – The head of each principal
17 department may create and appoint committees or councils to consult with and advise
18 the department. The General Assembly declares its policy that insofar as feasible, such
19 committees or councils shall consist of no more than 12 members, with not more than
20 one from each congressional district. If any department head desires to vary this policy,
21 he must make a request in writing to the Governor, stating the reasons for the request.
22 The Governor may approve the request, but may only do so in writing. Copies of the
23 request and approval shall be transmitted to ~~the Advisory Budget Commission and~~
24 ~~the Joint Legislative Commission on Governmental Operations.~~ The members of any
25 committee or council created by the head of a principal department shall serve at the
26 pleasure of the head of the principal department and may be paid per diem and
27 necessary travel and subsistence expenses within the limits of appropriations and in
28 accordance with the provisions of G.S. 138-5, when approved in advance by the
29 Director of the Budget. Per diem, travel, and subsistence payments to members of the
30 committees or councils created in connection with federal programs shall be paid from
31 federal funds unless otherwise provided by law.

32 An annual report listing these committees or councils, the total membership on each,
33 the cost in the last 12 months and the source of funding, and the title of the person who
34 made the appointments shall be made to ~~the Advisory Budget Commission and~~ the Joint
35 Legislative Commission on Governmental Operations by March 31 of each year.

36 ~~Prior to taking any action under this subsection, the Director of the Budget may~~
37 ~~consult with the Advisory Budget Commission."~~

38 **SECTION 102.** G.S. 143B-131.10 reads as rewritten:

39 **"§ 143B-131.10. Exceptions.**

40 Notwithstanding ~~G.S. 143-28~~, G.S. 143C-1-1, the following provisions do not apply
41 to this Part: ~~G.S. 143-16.3 and G.S. 143-23~~G.S. 143C-6-4, 143C-6-5, and 143C-6-9."

42 **SECTION 103.** G.S. 143B-139.2 reads as rewritten:

43 **"§ 143B-139.2. Secretary of Health and Human Services requests for grants-in-aid**
44 **from non-State agencies.**

1 It is the intent of this General Assembly that non-State health and human services
2 agencies submit their appropriation requests for grants-in-aid through the Secretary of
3 the Department of Health and Human Services for recommendations to the Governor
4 ~~and the Advisory Budget Commission~~ and the General Assembly, and that agencies
5 receiving these grants, at the request of the Secretary of the Department of Health and
6 Human Services, provide a postaudit of their operations that has been done by a
7 certified public accountant."

8 **SECTION 104.** G.S. 143B-168.12(c) reads as rewritten:

9 "(c) The North Carolina Partnership shall require each local partnership to place
10 in each of its contracts a statement that the contract is subject to monitoring by the local
11 partnership and North Carolina Partnership, that contractors and subcontractors shall be
12 fidelity bonded, unless the contractors or subcontractors receive less than one hundred
13 thousand dollars (\$100,000) or unless the contract is for child care subsidy services, that
14 contractors and subcontractors are subject to audit oversight by the State Auditor, and
15 that contractors and subcontractors shall be audited as required by ~~G.S. 143-6.1.~~
16 G.S. 143C-6-13. Organizations subject to G.S. 159-34 shall be exempt from this
17 requirement."

18 **SECTION 105.** G.S. 143B-313.2(e) reads as rewritten:

19 "(e) Removal. – The Governor may remove, as provided in ~~G.S. 143-13,~~ Article
20 10 of Chapter 143C of the General Statutes any member of the North Carolina Parks
21 and Recreation Authority appointed by the Governor for misfeasance, malfeasance, or
22 nonfeasance. The General Assembly may remove any member of the North Carolina
23 Parks and Recreation Authority appointed by the General Assembly for misfeasance,
24 malfeasance, or nonfeasance."

25 **SECTION 106.** G.S. 143B-394.10(a) reads as rewritten:

26 "(a) There is established in the Department of Administration the North Carolina
27 Fund for Displaced Homemakers. The Fund shall be administered by the North Carolina
28 Council for Women in accordance with ~~Article 1 of Chapter 143~~ Chapter 143C of the
29 General Statutes and shall be used to make grants to programs for displaced
30 homemakers. The Council shall make quarterly grants to each eligible program. Grants
31 shall be awarded according to criteria established by the Council. No more than ten
32 percent (10%) of these funds shall be used for administrative costs by the Council. In
33 order to be eligible to receive grant funds under this section, a displaced homemaker
34 program shall fulfill all of the criteria established by the Council. The Council shall
35 report annually to the Joint Legislative Commission on Governmental Operations on the
36 revenues credited to the Fund, the programs receiving grants from the Fund, the success
37 of those programs, and the costs associated with administering the Fund."

38 **SECTION 107.** G.S. 143B-426.11 reads as rewritten:

39 "§ ~~143B-426.11.~~ **Powers of Agency.**

40 In order to enable it to carry out the purposes of this Part, the Agency:

- 41 (1) Has the powers of a body corporate, including the power to sue and be
42 sued, to make contracts, to hold and own copyrights and to adopt and
43 use a common seal and to alter the same as may be deemed expedient;

- 1 (2) May make all necessary contracts and arrangements with any parties
2 which will serve the purposes and facilitate the business of the North
3 Carolina Agency for Public Telecommunications; except that, the
4 Agency may not contract or enter into any agreement for the
5 production by the Agency of programs or programming materials with
6 any person, group, or organization other than government agencies;
7 principal State departments; public and noncommercial broadcast
8 licenses;
- 9 (3) May rent, lease, buy, own, acquire, mortgage, or otherwise encumber
10 and dispose of such property, real or personal; and construct, maintain,
11 equip and operate any facilities, buildings, studios, equipment,
12 materials, supplies and systems as said Board may deem proper to
13 carry out the purposes and provisions of this Part;
- 14 (4) May establish an office for the transaction of its business at such place
15 or places as the Board deems advisable or necessary in carrying out the
16 purposes of this Part;
- 17 (5) May apply for and accept loans and grants of money from any federal
18 agency or the State of North Carolina or any political subdivision
19 thereof or from any public or private sources for any and all of the
20 purposes authorized in this Part; may extend or distribute the funds in
21 accordance with directions and requirements attached thereto or
22 imposed thereon by the federal agency, the State of North Carolina or
23 any political subdivision thereof, or any public or private lender or
24 donor; and may give such evidences of indebtedness as shall be
25 required, but no indebtedness of any kind incurred or created by the
26 Agency shall constitute an indebtedness of the State of North Carolina
27 or any political subdivision thereof, and no such indebtedness shall
28 involve or be secured by the faith, credit or taxing power of the State
29 of North Carolina or any political subdivision thereof. At no time may
30 the total outstanding indebtedness of the Agency, excluding bond
31 indebtedness, exceed five hundred thousand dollars (\$500,000) unless
32 the Agency has consulted with the Director of the Budget;
- 33 (6) May pay all necessary costs and expenses involved in and incident to
34 the formation and organization of the Agency and incident to the
35 administration and operation thereof, and may pay all other costs and
36 expenses reasonably necessary or expedient in carrying out and
37 accomplishing the purposes of this Part;
- 38 (7) Under such conditions as the Board may deem appropriate to the
39 accomplishment of the purposes of this Part, may distribute in the form
40 of grants, gifts, or loans any of the revenues and earnings received by
41 the Agency from its operations;
- 42 (8) May adopt, alter or repeal its own bylaws, rules and regulations
43 governing the manner in which its business may be transacted and in
44 which the power granted to it may be exercised, and may provide for

1 the creation of such divisions and for the appointment of such
 2 committees, and the functions thereof, as the Board deems necessary
 3 or expedient in facilitating the business and purposes of the Agency;

4 (9) The Board shall be responsible for all management functions of the
 5 Agency. The chairman shall serve as the chief executive officer, and
 6 shall have the responsibility of executing the policies of the Board.
 7 The Executive Director shall be the chief operating and administrative
 8 officer and shall be responsible for carrying out the decisions made by
 9 the Board and its chairman. The Executive Director shall be appointed
 10 by the Governor upon the recommendation of the Board and shall
 11 serve at the pleasure of the Governor. The salary of the Executive
 12 Director shall be fixed by the General Assembly in the Current
 13 Operations Appropriations Act. Subject to the provisions of the State
 14 Personnel Act and with the approval of the Board, the Executive
 15 Director may appoint, employ, dismiss and fix the compensation of
 16 such professional, administrative, clerical and other employees as the
 17 Board deems necessary to carry out the purposes of this Part; but any
 18 employee who serves as the director of any division of the Agency
 19 which may be established by the Board shall be appointed with the
 20 additional approval of the Secretary of Administration. There shall be
 21 an executive committee consisting of three of the appointed members
 22 and three of the ex officio members elected by the Board and the
 23 chairman of the Board, who shall serve as chairman of the executive
 24 committee. The executive committee may do all acts which are
 25 authorized by the bylaws of the Agency. Members of the executive
 26 committee shall serve until their successors are elected;

27 (10) May do any and all other acts and things in this Part authorized or
 28 required to be done, whether or not included in the general powers in
 29 this section; and

30 (11) May do any and all things necessary to accomplish the purposes of this
 31 Part.

32 Nothing herein authorizes the Agency to exercise any control over any public
 33 noncommercial broadcast licensee, its staff or facilities or over any community antenna
 34 television system (Cable TV; CATV), its staff, employees or facilities operating in
 35 North Carolina, or the Police Information Network (PIN), its staff, employees or
 36 facilities or the Judicial Department.

37 The property of the Agency shall not be subject to any taxes or assessments.

38 ~~Prior to taking any action under subdivisions (5) or (7) of this section, the Board~~
 39 ~~may consult with the Advisory Budget Commission."~~

40 **SECTION 108.** G.S. 143B-426.14 reads as rewritten:

41 "**§ 143B-426.14. Issuance of bonds.**

42 As a means of raising the funds needed from time to time in the acquisition,
 43 construction, equipment, maintenance and operation of any facility, building, structure,
 44 telecommunications equipment or systems or any other matter or thing which the

1 Agency is herein authorized to acquire, construct, equip, maintain, or operate, the
2 Agency ~~may, with the approval of the Advisory Budget Commission,~~ may at one time
3 or from time to time issue negotiable revenue bonds of the Agency. The principal and
4 interest of the revenue bonds shall be payable solely from the revenues to be derived
5 from the operation of all or any part of the Agency's properties and facilities. A pledge
6 of the net revenues derived from the operation of specified properties and facilities of
7 the Agency may be made to secure the payment of the bonds as they mature. Revenue
8 bonds issued under the provisions of this Part shall not be deemed to constitute a debt of
9 the State of North Carolina or a pledge of the faith and credit of the State. The issuance
10 of revenue bonds shall not directly or indirectly or contingently obligate the State to
11 levy or to pledge any form of taxation whatever therefor or to make any appropriation
12 for their payment. The bonds and the income therefrom shall be exempt from all
13 taxation within the State."

14 **SECTION 109.** G.S. 143B-454(a) reads as rewritten:

15 "(a) In order to enable it to carry out the purposes of this Part, the said Authority
16 shall:

- 17 (1) Have the powers of a body corporate, including the power to sue and
18 be sued, to make contracts, and to adopt and use a common seal and to
19 alter the same as may be deemed expedient;
- 20 (2) Have the authority to make all necessary contracts and arrangements
21 with other port authorities of this and other states for the interchange
22 of business, and for such other purposes as will facilitate and increase
23 the business of the North Carolina State Ports Authority;
- 24 (3) Be authorized and empowered to rent, lease, buy, own, acquire,
25 mortgage, otherwise encumber, and dispose of such property, real or
26 personal, as said Authority may deem proper to carry out the purposes
27 and provisions of this Part, all or any of them;
- 28 (4) **(See Editor's Note)** Be authorized and empowered to acquire,
29 construct, maintain, equip and operate any wharves, docks, piers,
30 quays, elevators, compresses, refrigeration storage plants, warehouses
31 and other structures, and any and all facilities needful for the
32 convenient use of the same in the aid of commerce, including the
33 dredging of approaches thereto, and the construction of beltline roads
34 and highways and bridges and causeways thereon, and other bridges
35 and causeways necessary or useful in connection therewith, and
36 shipyards, shipping facilities, and transportation facilities incident
37 thereto and useful or convenient for the use thereof, excluding terminal
38 railroads;
- 39 (4) **(See Editor's Note)** Be authorized and empowered to acquire,
40 construct, maintain, equip and operate any wharves, docks, piers,
41 quays, elevators, compresses, refrigeration storage plants, warehouses
42 and other structures, and any and all facilities needful for the
43 convenient use of the same in the aid of commerce, including the
44 dredging of approaches thereto, and the construction of beltline roads

1 and highways and bridges and causeways thereon, and other bridges
2 and causeways necessary or useful in connection therewith, and
3 shipyards, shipping facilities, and transportation facilities incident
4 thereto and useful or convenient for the use thereof, and to acquire,
5 construct, and maintain, but not operate, such rail facilities as may be
6 necessary or useful in connection with the operation of the State Ports,
7 provided that nothing in this subdivision shall be construed as
8 requiring or allowing the North Carolina State Ports Authority to
9 become a carrier by rail subject to the federal laws regulating those
10 carriers;

11 (5) The Authority shall appoint an Executive Director, whose salary shall
12 be fixed by the Authority, to serve at its pleasure. The Executive
13 Director or his designee shall appoint, employ, dismiss and, within the
14 limits of available funding, fix the compensation of such other
15 employees as he deems necessary to carry out the purposes of this Part.
16 There shall be an executive committee consisting of the chairman of
17 the Authority and two other members elected annually by the
18 Authority. The executive committee shall be vested with authority to
19 do all acts which are authorized by the bylaws of the Authority.
20 Members of the executive committee shall serve until their successors
21 are elected;

22 (6) Establish an office for the transaction of its business at such place or
23 places as, in the opinion of the Authority, shall be advisable or
24 necessary in carrying out the purposes of this Part;

25 (7) Be authorized and empowered to create and operate such agencies and
26 departments as said board may deem necessary or useful for the
27 furtherance of any of the purposes of this Part;

28 (8) Be authorized and empowered to pay all necessary costs and expenses
29 involved in and incident to the formation and organization of said
30 Authority, and incident to the administration and operation thereof,
31 and to pay all other costs and expenses reasonably necessary or
32 expedient in carrying out and accomplishing the purposes of this Part;

33 (9) Be authorized and empowered to apply for and accept loans and grants
34 of money from any federal agency or the State of North Carolina or
35 any political subdivision thereof or from any public or private sources
36 available for any and all of the purposes authorized in this Article, and
37 to expend the same in accordance with the directions and requirements
38 attached thereto, or imposed thereon by any such federal agency, the
39 State of North Carolina, or any political subdivision thereof, or any
40 public or private lender or donor, and to give such evidences of
41 indebtedness as shall be required, provided, however, that no
42 indebtedness of any kind incurred or created by the Authority shall
43 constitute an indebtedness of the State of North Carolina, or any
44 political subdivision thereof, and no such indebtedness shall involve or

- 1 be secured by the faith, credit or taxing power of the State of North
2 Carolina, or any political subdivision thereof;
- 3 (10) Be authorized and empowered to act as agent for the United States of
4 America, or any agency, department, corporation, or instrumentality
5 thereof, in any matter coming within the purposes or powers of the
6 Authority;
- 7 (11) Have power to adopt, alter or repeal its own bylaws, rules and
8 regulations governing the manner in which its business may be
9 transacted and in which the power granted to it may be enjoyed, and
10 may provide for the appointment of such committees, and the
11 functions thereof, as the Authority may deem necessary or expedient in
12 facilitating its business. The Authority may establish fees for its
13 services. In establishing these fees, the Authority shall consider the
14 cost of providing service, revenue requirements, the cost of similar
15 services at other seaports in the South Atlantic region, and any other
16 factors it considers relevant. The Authority shall report the
17 establishment or increase of any fee to the Joint Legislative
18 Commission on Governmental Operations no later than 30 business
19 days after it establishes or increases the fee.
- 20 (12) Be authorized and empowered to do any and all other acts and things
21 in this Part authorized or required to be done, whether or not included
22 in the general powers in this section mentioned; and
- 23 (13) Be authorized and empowered to do any and all things necessary to
24 accomplish the purposes of this Part: Provided, that said Authority
25 shall not engage in shipbuilding.

26 The property of the Authority shall not be subject to any taxes or assessments
27 thereon.

28 ~~Prior to taking any action under this subsection, the Authority may consult with the~~
29 ~~Advisory Budget Commission."~~

30 **SECTION 110.** G.S. 143B-456(b) reads as rewritten:

31 "(b) Prior to the sale and delivery of any bonds or notes by the Authority, the
32 Governor shall approve the general purposes of and the general security provisions for
33 any such bonds or notes. Such bonds or notes may be sold in such manner, either at
34 public or private sale, and for such price as the Authority shall determine. Bonds or
35 notes may be issued under the provisions of this Part without obtaining, except as
36 otherwise expressly provided in this Part, the consent of any department, division,
37 commission, board, body, bureau or agency of the State, and without any other
38 proceedings or the happening of any conditions or things other than those proceedings,
39 conditions or things which are specifically required by this Part and the provisions of
40 the resolution authorizing the issuance of such bonds or notes or the trust agreement
41 securing the same. ~~Prior to taking any action under this subsection, the Governor may~~
42 ~~consult with the Advisory Budget Commission."~~

43 **SECTION 111.** G.S. 143B-516(b)(2) reads as rewritten:

44 "(b) The Secretary shall have the following powers and duties:

1 ...
2 (2) Close a State youth development center when its operation is no longer
3 justified and transfer State funds appropriated for the operation of that
4 youth development center to fund community-based programs, to
5 purchase care or services for predelinquents, delinquents, or status
6 offenders in community-based or other appropriate programs, or to
7 improve the efficiency of existing youth development centers,
8 ~~provided the Advisory Budget Commission reviews this action after~~
9 consultation with the Joint Legislative Commission on Governmental
10 Operations."

11 **SECTION 112.** G.S. 147-9.3 reads as rewritten:

12 "**§ 147-9.3. Annuity contracts; salary deductions.**

13 Notwithstanding the provisions of ~~G.S. 143-3.3,~~ G.S. 143B-426.39A and
14 notwithstanding any provision of law relating to salaries or salary schedules of State
15 employees, if the employee be one described in section 403(b) (1) (A) (i) or (ii) of the
16 United States Internal Revenue Code, the chief executive officer of such employee, on
17 behalf of the employer, may enter into an annual contract with the employee which
18 provides for a reduction in salary below the total established compensation or salary
19 schedule for a term of one year. The chief executive officer shall use the funds derived
20 from the reduction in the salary of the employee to purchase a nonforfeitable annuity or
21 retirement income contract for the benefit of said employee. An employee who has
22 agreed to a salary reduction for this purpose shall not have the right to receive the
23 amount of salary reduction in cash or in any other way except the annuity or retirement
24 income contract. Funds used for the purchase of an annuity or retirement income
25 contract shall not be in lieu of any amount earned by the employee before his election
26 for a salary reduction has become effective. The agreement for salary reduction referred
27 to herein shall be effective under the necessary regulations and procedures adopted by
28 the chief executive officer and on forms prescribed by him. Notwithstanding any other
29 provision of law, the amount by which the salary of an employee is reduced pursuant to
30 this section shall not be excluded, but shall be included, in computing and making
31 payroll deductions for social security and retirement system purposes, if any, and in
32 computing and providing matching funds for retirement system purposes, if any."

33 **SECTION 113.** G.S. 147-9.4 reads as rewritten:

34 "**§ 147-9.4. Deferred Compensation Plan.**

35 Notwithstanding the provisions of ~~G.S. 143-3.3,~~ G.S. 143B-426.39A and
36 notwithstanding any provision of law relating to salaries or salary schedules of teachers
37 or State employees, the chief executive officer of an employer, on behalf of the
38 employer, may from time to time enter into a contract with a teacher or employee under
39 which the teacher or employee irrevocably elects to defer receipt of a portion of his
40 scheduled salary in the future, but only if, as a result of such contract, the income so
41 deferred is deferred pursuant to the Plan provided for in G.S. 143B-426.24 or pursuant
42 to some other plan established before January 1, 1983, and is not constructively
43 received by the teacher or employee in the year in which it was earned, for State and
44 federal income tax purposes. In addition, the income so deferred shall be invested in the

1 manner provided in the applicable Plan; however, the teacher or employee may revoke
2 his election to participate and may amend the amount of compensation to be deferred by
3 signing and filing with the Board a written revocation or amendment on a form and in
4 the manner approved by the Board. Any such revocation or amendment shall be
5 effective prospectively only and shall cause no change in the allocation of amounts
6 invested prior to the filing date of such revocation or amendment.

7 A teacher or employee who has agreed to the deferral of income pursuant to the Plan
8 shall have the right to receive the income so deferred only in accordance with the
9 provisions of the Plan. Funds so deferred shall not be in lieu of any amount earned by
10 the teacher or employee before his election to defer compensation became effective.
11 The agreement to defer income referred to herein shall be effective under such
12 necessary regulations and procedures as are adopted by the Board, and on forms
13 prepared or approved by it. A teacher or employee who agrees to defer income as
14 provided in this section may authorize payroll deductions for deferral of the income. An
15 employer shall make payroll deduction available for a teacher or employee who
16 authorizes payroll deduction. Notwithstanding any other provisions of law, the amount
17 by which the salary of a teacher or employee is deferred pursuant to the Plan shall not
18 be excluded, but shall be included, in computing and making payroll deductions for
19 social security and retirement system purposes, if any, and in computing and providing
20 matching funds for retirement system purposes, if any.

21 Except for the applications of the provisions of G.S. 110-136, and in connection with
22 a court-ordered equitable distribution under G.S. 50-20, the right of a teacher or
23 employee, who elects to defer income pursuant to the North Carolina Public Employee
24 Deferred Compensation Plan under G.S. 143B-426.24, to benefits that have vested
25 under the Plan, is nonforfeitable. These benefits are exempt from levy, sale, and
26 garnishment, except as provided by this section."

27 **SECTION 114.** G.S. 147-12(a)(3) reads as rewritten:

28 "**§ 147-12. Powers and duties of Governor.**

29 (a) In addition to the powers and duties prescribed by the Constitution, the
30 Governor has the powers and duties prescribed in this and the following sections:

31 ...

32 (3) To make the appointments and fill the vacancies not otherwise
33 provided for in all departments.

34 In every case where the Governor is authorized by statute to make
35 an appointment to fill a State office, the Governor may also appoint to
36 fill any vacancy occurring in that office, and the person the Governor
37 appoints shall serve for the unexpired term of the office and until the
38 person's successor is appointed and qualified.

39 In every case where the Governor is authorized by statute to
40 appoint to fill a vacancy in an office in the executive branch of State
41 government, the Governor may appoint an acting officer to serve

42 a. During the physical or mental incapacity of the regular holder
43 of the office to discharge the duties of the office,

- b. During the continued absence of the regular holder of the office, or
- c. During a vacancy in an office and pending the selection and qualification, in the manner prescribed by statute, of a person to serve for the unexpired term.

An acting officer appointed in accordance with this subsection may perform any act and exercise any power which a regularly appointed holder of such office could lawfully perform and exercise. All powers granted to an acting officer under this subsection shall expire immediately

- a. Upon the termination of the incapacity of the officer in whose stead the person acts,
- b. Upon the return of the officer in whose stead the person acts, or
- c. Upon the selection and qualification, in the manner prescribed by statute, of a person to serve for the unexpired term.

The Governor may determine (after such inquiry as the Governor deems appropriate) that any of the officers referred to in this paragraph is physically or mentally incapable of performing the duties of the office. The Governor may also determine that such incapacity has terminated.

The compensation of an acting officer appointed pursuant to the provisions of this subdivision shall be fixed by the Governor. ~~Prior to taking any action under this paragraph, the Governor may consult with the Advisory Budget Commission.~~"

SECTION 115. G.S. 147-36(16) reads as rewritten:

"§ 147-36. Duties of Secretary of State.

It is the duty of the Secretary of State:

...

- (16) To apply for and accept grants from the federal government and its agencies and from any foundation, corporation, association, or individual in order to effectuate the purposes of the Nonprofit Corporation Act, Chapter 55A of the General Statutes, and to further aid in the operation and development of nonprofit corporations. The Secretary shall comply with the terms, conditions, and limitations of grants applied for and accepted and shall expend grant funds pursuant to ~~Article 1 of Chapter 143 of the General Statutes, The Executive Budget Act.~~Chapter 143C of the General Statutes, The State Budget Act."

SECTION 116. G.S. 147-64.7(b) reads as rewritten:

"(b) Experts; Contracted Audits. –

- (1) The Auditor may obtain the services of independent public accountants, qualified management consultants, or other professional persons and experts as he deems necessary or desirable to carry out the duties and functions assigned under the act.

1 (2) No State agency may enter into any contract for auditing services
2 which may impact on the State's comprehensive annual financial
3 report without consultation with, and the prior written approval of, the
4 Auditor, except in instances where audits are called for by the
5 Governor under ~~G.S. 143-3-143C-2-1~~ and he shall so notify the
6 Auditor. The Auditor shall prescribe policy and establish guidelines
7 containing appropriate criteria for selection and use of independent
8 public accountants, qualified management consultants, or other
9 professional persons by State agencies and governing bodies to
10 perform all or part of the audit function."

11 **SECTION 117.** G.S. 147-64.11 reads as rewritten:

12 **"§ 147-64.11. Review of office.**

13 The Auditor may, on his own initiative and as often as he deems necessary, or as
14 requested by the General Assembly, cause to be made a quality review audit of the
15 operations of his office. Such a "peer review" shall be conducted in accordance with
16 standards prescribed by the accounting profession. Upon the recommendation of ~~the~~
17 ~~Advisory Budget Commission~~, the Joint Legislative Commission on Governmental
18 Operations may contract with an independent public accountant, qualified management
19 consultant, or other professional person to conduct a financial and compliance, economy
20 and efficiency, and program result audit of the State Auditor."

21 **SECTION 118.** G.S. 147-68 reads as rewritten:

22 **"§ 147-68. To receive and disburse moneys; to make reports.**

23 (a) It is the duty of the Treasurer to receive all moneys which shall from time to
24 time be paid into the treasury of this State; and to pay all warrants legally drawn on the
25 Treasurer.

26 (b) No moneys shall be paid out of the treasury except on warrant unless there is
27 a legislative appropriation or authority to pay the same.

28 (c) It shall be the responsibility of the Treasurer to determine that all warrants
29 presented to him for payment are valid and legally drawn on the Treasurer.

30 (d) The Treasurer shall report to the Governor ~~and Advisory Budget Commission~~
31 annually and to the General Assembly at the beginning of each biennial session the
32 exact balance in the treasury to the credit of the State, with a summary of the receipts
33 and payments of the treasury during the preceding fiscal year, and so far as practicable
34 an account of the same down to the termination of the current calendar year.

35 (d1) The Treasurer shall report to the Joint Legislative Commission on
36 Governmental Operations, to the Chairman, Appropriations Base Budget Committee
37 and the Chairman, Appropriations Expansion Budget Committee of the House of
38 Representatives, and to the Chairman, Committee on Appropriations and the Chairman,
39 Committee on Base Budget of the Senate, on a quarterly basis, concerning all
40 investments and deposits made by and through his office. The report shall include a
41 listing of all investments with or on behalf of the State or any of its agencies or
42 institutions and shall include the particular agency or institution, fund, rate of return,
43 duration of the investment, and the amount of deposit on all noninterest bearing
44 accounts. The first report is due 90 days after July 1, 1982, and shall include all

1 investments and deposits made during the 1981-82 fiscal year and all investments made
2 during the first quarter of the 1982-83 fiscal year; thereafter, reports shall be made on a
3 quarterly basis including all investments and deposits made during that reporting period.

4 (d2) After consulting with the Select Committee on Information Technology and
5 the Joint Legislative Commission on Governmental Operations and after consultation
6 with and approval of the Information Resources Management Commission, the
7 Department of State Treasurer may spend departmental receipts for the 2000-2001 fiscal
8 year to continue improvement of the Department's investment banking operations
9 system, retirement payroll systems, and other information technology infrastructure
10 needs. The Department of State Treasurer shall report by January 1, 2001, and annually
11 thereafter to the following regarding the amount and use of the departmental receipts:
12 the Joint Legislative Commission on Governmental Operations, the Chairs of the
13 General Government Appropriations Subcommittees of both the House of
14 Representatives and the Senate, and the Select Committee on Information Technology.

15 (e) The State Treasurer, in carrying out the responsibilities of this section, shall
16 be independent of any fiscal control exercise by the Director of the Budget or the
17 Department of Administration and shall be responsible to ~~the Advisory Budget~~
18 ~~Commission~~, the General Assembly and the people of North Carolina for the efficient
19 and faithful exercise of the responsibilities of his office. The State Treasurer, for all
20 other purposes, is subject to ~~Article 1 of Chapter 143~~Chapter 143C of the General
21 Statutes."

22 **SECTION 119.** G.S. 147-69.3(h) reads as rewritten:

23 "(h) The State Treasurer shall prepare, as of the end of each fiscal year, a report on
24 the financial condition of each investment program created pursuant to this section. A
25 copy of each report shall be submitted within 30 days following the end of the fiscal
26 year to the official, institution, board, commission or other agency whose funds are
27 invested, the State Auditor, ~~the Advisory Budget Commission~~, and the chairs of the
28 Finance Committees of the House of Representatives and the Senate."

29 **SECTION 120.** G.S. 147-86.10 reads as rewritten:

30 "**§ 147-86.10. Statement of policy.**

31 It is the policy of the State of North Carolina that all agencies, institutions,
32 departments, bureaus, boards, commissions, and officers of the State, whether or not
33 subject to the ~~Executive Budget Act, Chapter 143, Article 1~~State Budget Act, Chapter
34 143C of the General Statutes, shall devise techniques and procedures for the receipt,
35 deposit, and disbursement of moneys coming into their control and custody which are
36 designed to maximize interest-bearing investment of cash, and to minimize idle and
37 nonproductive cash balances. This policy shall apply to the General Court of Justice as
38 defined in Article IV of the North Carolina Constitution, the public school
39 administrative units, and the community colleges with respect to the receipt, deposit,
40 and disbursement of moneys required by law to be deposited with the State Treasurer
41 and with respect to moneys made available to them for expenditure by warrants drawn
42 on the State Treasurer. This policy shall include the acceptance of electronic payments
43 in accordance with G.S. 147-86.22 to the maximum extent possible consistent with
44 sound business practices."

1 **SECTION 121.** G.S. 147-86.11 reads as rewritten:

2 "**§ 147-86.11. Cash management for the State.**

3 (a) Uniform Plan. – The State Controller, with the advice and assistance of the
4 State Treasurer, the State Budget Officer, and the State Auditor, shall develop,
5 implement and amend as necessary a uniform statewide plan to carry out the cash
6 management policy for all State agencies. The State Auditor shall report annually to ~~the~~
7 ~~Advisory Budget Commission~~ and the General Assembly on the implementation of the
8 plan as shown in the audits completed during the prior fiscal year. The State Treasurer
9 shall recommend periodically to the General Assembly any implementing legislation
10 necessary or desirable in the furtherance of the State policy. When used in this section,
11 "State agency" means any agency, institution, bureau, board, commission or officer of
12 the State; however, except as provided in G.S. 147-86.12, 147-86.13, 147-86.14, and
13 147-86.22, this Article does not apply to the agencies, institutions, bureaus, boards,
14 commissions and officers of the General Court of Justice as defined in Article IV of the
15 North Carolina Constitution or to the local school administrative units and community
16 colleges and their officers and employees.

17 (b) Duties of Auditor. – The State Auditor pursuant to authority under
18 G.S. 147-64.6 shall monitor agency compliance with this Article, and make any
19 comments, suggestions, and recommendations the Auditor deems advisable to the
20 agencies.

21 (c) Treasurer's Report. – The State Treasurer shall publish a quarterly report on
22 all funds in the control or custody of the State Treasurer showing cash balances on hand,
23 investments of cash balances and a comparative analysis of earnings and investment
24 performances.

25 (d) Earnings on Trust Funds. – The statewide cash management plan shall
26 provide that any net earnings on invested funds, whose beneficial owner is not the State
27 or a local governmental unit, shall be paid to the beneficial owners of the funds. "Net
28 earnings" are the amounts remaining after allowance for the cost of administration,
29 management, and operation of the invested funds.

30 (e) Elements of Plan. – For moneys received or to be received, the statewide cash
31 management plan shall provide at a minimum that:

32 (1) Except as otherwise provided by law, moneys received by employees
33 of State agencies in the normal course of their employment shall be
34 deposited as follows:

35 a. Moneys received in trust for specific beneficiaries for which the
36 employee-custodian has a duty to invest shall be deposited with
37 the State Treasurer under the provisions of G.S. 147-69.3.

38 b. All other moneys received shall be deposited with the State
39 Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.

40 (2) Moneys received shall be deposited daily in the form and amounts
41 received, except as otherwise provided by statute.

42 (3) Moneys due to a State agency by another governmental agency or by
43 private persons shall be promptly billed, collected and deposited.

- 1 (4) Unpaid billings due to a State agency shall be turned over to the
2 Attorney General for collection no more than 90 days after the due
3 date of the billing, except that a State agency need not turn over to the
4 Attorney General unpaid billings of less than five hundred dollars
5 (\$500.00), or (for institutions where applicable) amounts owed by all
6 patients which are less than the federally established deductible
7 applicable to Part A of the Medicare program, and instead may handle
8 these unpaid bills pursuant to agency debt collection procedures.
- 9 (5) Moneys received in the form of warrants drawn on the State Treasurer
10 shall be deposited by the State agency directly with the State Treasurer
11 and not through the banking system, unless otherwise approved by the
12 State Treasurer.
- 13 (6) State agencies shall accept payment by electronic payment in
14 accordance with G.S. 147-86.22 to the maximum extent possible
15 consistent with sound business practices.
- 16 (f) Disbursement Requirements. – For the disbursement of money, the statewide
17 cash management plan shall provide at a minimum that:
- 18 (1) Moneys deposited with the State Treasurer remain on deposit with the
19 State Treasurer until final disbursement to the ultimate payee.
- 20 (2) The order in which appropriations and other available resources are
21 expended shall be subject to the provisions of ~~G.S. 143-27~~ Chapter
22 143C of the General Statutes regardless of whether the State agency
23 disbursing or expending the moneys is subject to the ~~Executive Budget~~
24 Act.State Budget Act.
- 25 (3) Federal and other reimbursements of expenditures paid from State
26 funds shall be paid immediately to the source of the State funds.
- 27 (4) Billings to the State for goods received or services rendered shall be
28 paid neither early nor late but on the discount date or the due date to
29 the extent practicable.
- 30 (5) Disbursement cycles for each agency shall be established to the extent
31 practicable so that the overall efficiency of the warrant disbursement
32 system is maximized while maintaining prompt payment of bills due.
- 33 (g) Interest Maximized. – The interest earnings of the General Fund and
34 Highway Fund shall be maximized to the extent practicable. To this end:
- 35 (1) Interest earnings shall not be allocated to an account by the State
36 Treasurer unless all of the moneys in the account are expressly eligible
37 by law for receiving interest allocations.
- 38 (2) State officers and employees who received moneys in trust or for
39 investment shall be solely responsible for properly segregating such
40 funds for investment in the manner prescribed by law. The officer or
41 employee charged with the responsibility for these moneys shall be
42 under a duty to segregate the funds in a timely manner. No investment
43 income shall be allocated by the State Treasurer to trust or other

1 investment accounts until properly segregated into investment
2 accounts as provided by law and the rules of the State Treasurer.

3 (h) New Technologies. – The statewide cash management plan shall consider
4 new technologies and procedures whenever the technologies and procedures are
5 economically beneficial to the State as a whole. Where the new technologies and
6 procedures may be implemented without additional legislation, the technologies and
7 procedures shall be implemented in the plan.

8 (i) Penalty. – A willful or continued failure of an employee paid from State
9 funds or employed by a State agency to follow the statewide cash management plan is
10 sufficient cause for immediate dismissal of the employee."

11 **SECTION 122.** G.S. 147-86.30(c) reads as rewritten:

12 "(c) Creation of Fund Reserve. – The Commission shall reserve, and shall not
13 expend, fifty percent (50%) of each annual payment allocated to the Health and
14 Wellness Trust Fund pursuant to ~~G.S. 143-16.4~~ G.S. 143C-9-3 during years 2001
15 through 2025 to create and build the Fund Reserve. During years 2001 through 2025,
16 the Commission may expend any investment earnings on the reserved funds. Beginning
17 in year 2026, and thereafter, the Commission shall not expend the reserved funds but
18 may continue to expend any investment earnings on the reserved funds."

19 **SECTION 123.** G.S. 147-86.35(b) reads as rewritten:

20 "(b) Any non-State corporation, organization, or institution that receives, uses, or
21 expends any funds from the Commission is subject to the applicable reporting
22 requirements of ~~G.S. 143-6.1~~ G.S. 143C-3-3."

23 **SECTION 124.** G.S. 150B-21.4(a) reads as rewritten:

24 "(a) State Funds. – Before an agency publishes in the North Carolina Register the
25 proposed text of a permanent rule change that would require the expenditure or
26 distribution of funds subject to the ~~Executive Budget Act, Article 1 of Chapter 143, State~~
27 Budget Act, Chapter 143C of the General Statutes it must submit the text of the
28 proposed rule change and a fiscal note on the proposed rule change to the Director of
29 the Budget and obtain certification from the Director that the funds that would be
30 required by the proposed rule change are available. The fiscal note must state the
31 amount of funds that would be expended or distributed as a result of the proposed rule
32 change and explain how the amount was computed. The Director of the Budget must
33 certify a proposed rule change if funds are available to cover the expenditure or
34 distribution required by the proposed rule change."

35 **SECTION 125.** G.S. 159-7(b) reads as rewritten:

36 "(b) The words and phrases defined in this section have the meanings indicated
37 when used in this Article, unless the context clearly requires another meaning.

38 (1) "Budget" is a proposed plan for raising and spending money for
39 specified programs, functions, activities or objectives during a fiscal
40 year.

41 (2) "Budget ordinance" is the ordinance that levies taxes and appropriates
42 revenues for specified purposes, functions, activities, or objectives
43 during a fiscal year.

- 1 (3) "Budget year" is the fiscal year for which a budget is proposed or a
2 budget ordinance is adopted.
- 3 (4) "Debt service" is the sum of money required to pay installments of
4 principal and interest on bonds, notes, and other evidences of debt
5 accruing within a fiscal year, to maintain sinking funds, and to pay
6 installments on debt instruments issued pursuant to Chapter 159G of
7 the General Statutes or Chapter 159I of the General Statutes accruing
8 within a fiscal year.
- 9 (5), (6) Repealed by Session Laws 1975, c. 514, s. 2.
- 10 (7) "Fiscal year" is the annual period for the compilation of fiscal
11 operations, as prescribed in G.S. 159-8(b).
- 12 (8) "Fund" is a fiscal and accounting entity with a self-balancing set of
13 accounts recording cash and other resources, together with all related
14 liabilities and residual equities or balances, and changes therein, for
15 the purpose of carrying on specific activities or attaining certain
16 objectives in accordance with special regulations, restrictions, or
17 limitations.
- 18 (9) Repealed by Session Laws 1975, c. 514, s. 2.
- 19 (10) "Public authority" is a municipal corporation (other than a unit of local
20 government) that is not subject to the ~~Executive Budget Act (Article 1~~
21 ~~of Chapter 143 of the General Statutes)~~ State Budget Act (Chapter
22 143C of the General Statutes) or a local governmental authority, board,
23 commission, council, or agency that (i) is not a municipal corporation,
24 (ii) is not subject to the ~~Executive Budget Act,~~ State Budget Act, and
25 (iii) operates on an area, regional, or multi-unit basis, and the
26 budgeting and accounting systems of which are not fully a part of the
27 budgeting and accounting systems of a unit of local government.
- 28 (11) Repealed by Session Laws 1975, c. 514, s. 2.
- 29 (12) "Sinking fund" means a fund held for the retirement of term bonds.
- 30 (13) "Special district" is a unit of local government (other than a county,
31 city, town, or incorporated village) that is created for the performance
32 of limited governmental functions or for the operation of a particular
33 utility or public service enterprises.
- 34 (14) "Taxes" do not include special assessments.
- 35 (15) "Unit," "unit of local government," or "local government" is a
36 municipal corporation that is not subject to the ~~Executive Budget Act~~
37 ~~(Article 1 of Chapter 143 of the General Statutes)~~ State Budget Act
38 (Chapter 143C of the General Statutes) and that has the power to levy
39 taxes, including a consolidated city-county, as defined by
40 G.S. 160B-2(1), and all boards, agencies, commissions, authorities,
41 and institutions thereof that are not municipal corporations.
- 42 (16) "Vending facilities" has the same meaning as it does in ~~G.S. 143-12.1.~~
43 G.S. 111-42(d), but also means any mechanical or electronic device
44 dispensing items or something of value or entertainment or services for

1 a fee, regardless of the method of activation, and regardless of the
2 means of payment, whether by coin, currency, tokens, or other means."
3 **SECTION 126.** This act becomes effective July 1, 2006.