

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 554

Short Title: Fines and Forfeitures/Payment to Schools. (Public)

Sponsors: Representative Saine.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - K-12, if favorable, Finance

April 5, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO DIRECT EXCESS RECEIPTS IN THE CIVIL PENALTY AND FORFEITURE
3 FUND TO BE TRANSFERRED TO THE SCHOOL TECHNOLOGY FUND IN THE
4 SAME FISCAL YEAR TO BE USED TOWARD PAYMENT OF THE 2008 COURT
5 JUDGMENT ON CIVIL PENALTIES, FINES, AND FORFEITURES AND TO DIRECT
6 THE LEGISLATIVE RESEARCH COMMISSION TO STUDY WAYS TO SATISFY
7 THE REMAINDER OF THE JUDGMENT.

8 Whereas, Section 7 of Article IX of the North Carolina Constitution requires that
9 public schools receive the clear proceeds of all penalties and forfeitures and of all fines
10 collected in several counties for any breach of the penal laws of the State; and

11 Whereas, on August 8, 2008, the Wake County Superior Court ordered a
12 Memorandum of Decision and Judgment in *North Carolina School Boards Association v.*
13 *Moore*; and

14 Whereas, the Memorandum of Decision and Judgment stipulated that \$747,883,074
15 in fines and forfeitures had been wrongly withheld by the State of North Carolina and that these
16 funds should have been received by the local school administrative units; and

17 Whereas, the Memorandum of Decision and Judgment ordered that all proceeds
18 from the judgment be used for school technology; and

19 Whereas, in 2009, the General Assembly appropriated \$18,183,251 from parking
20 fines held in escrow by The University of North Carolina to begin paying off the judgment; and

21 Whereas, no additional funds have been allocated by the State of North Carolina to
22 pay off the judgment; and

23 Whereas, the State of North Carolina still owes \$729,699,823 for school technology;

24 Now, therefore,

25 The General Assembly of North Carolina enacts:

26 **SECTION 1.(a)** G.S. 115C-457.3 is amended by adding a new subsection to read:

27 "(c) Any amount of funds in excess of the appropriation made by the General Assembly
28 for a fiscal year in the Current Operations Appropriations Act pursuant to subsection (a) of this
29 section shall be transferred to the School Technology Fund established pursuant to
30 G.S. 115C-102.6D in the same fiscal year in which the excess funds are collected."

31 **SECTION 1.(b)** Notwithstanding G.S. 115C-102.6D(b), in any fiscal year in which
32 excess funds are transferred to the School Technology Fund pursuant to G.S. 115C-457.3(c), as
33 enacted by subsection (a) of this section, those funds shall be allocated to local school
34 administrative units to be credited toward the remaining judgment ordered in *North Carolina*
35 *School Boards Association v. Moore*, 98 CVS 14158 (Wake County), until such time that



1 judgment has been satisfied. Upon the transfer of excess funds to the School Technology Fund
2 in accordance with G.S. 115C-457.3, the Department of Public Instruction shall send written
3 notice to the North Carolina School Boards Association.

4 **SECTION 2.(a)** The Legislative Research Commission (Commission) shall study
5 ways the State of North Carolina shall satisfy the remainder of the judgment ordered in *North*
6 *Carolina School Boards Association v. Moore*, 98 CVS 14158 (Wake County), including at
7 least the following:

8 (1) Sources of funding to satisfy the judgment.

9 (2) A time line for payments to be made that shall not exceed a 10-year period.

10 **SECTION 2.(b)** By March 15, 2018, the Commission shall report the results of its
11 study and its recommendations to the 2017 General Assembly.

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