

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

**HOUSE BILL 320  
RATIFIED BILL**

AN ACT TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS  
TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS  
APPROPRIATIONS ACT OF 2005.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** Section 2.1 of S.L. 2005-276 reads as rewritten:

"**SECTION 2.1.** Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are made for the biennium ending June 30, 2007, according to the following schedule:

| <b>Current Operations – General Fund</b>                      | <b>2005-2006</b>       | <b>2006-2007</b>       |
|---|------------------------|------------------------|
| <b>EDUCATION</b>  |                        |                        |
| Community Colleges System Office                              | \$ 787,685,943         | \$ 767,295,886         |
| Department of Public Instruction                              | 6,607,998,945          | 6,579,807,097          |
| University of North Carolina – Board of Governors             |                        |                        |
| Appalachian State University                                  | 97,708,514             | 98,114,232             |
| East Carolina University                                      |                        |                        |
| Academic Affairs  | 165,132,181            | 168,098,010            |
| Health Affairs  | 45,624,110             | 45,671,394             |
| Elizabeth City State University                               | 28,376,210             | 28,173,367             |
| Fayetteville State University                                 | 42,540,261             | 42,778,425             |
| North Carolina Agricultural and<br>Technical State University | 76,497,695             | 76,533,207             |
| North Carolina Central University                             | 59,223,437             | 58,883,106             |
| North Carolina School of the Arts                             | 21,173,905             | 20,698,614             |
| North Carolina State University                               |                        |                        |
| Academic Affairs  | 299,773,341            | 304,775,818            |
| Agricultural Extension  | 36,389,142             | 35,668,328             |
| Agricultural Research   | 45,200,460             | 45,281,347             |
| University of North Carolina at Asheville                     | 29,211,816             | 29,705,695             |
| University of North Carolina at Chapel Hill                   |                        |                        |
| Academic Affairs  | 212,164,735            | 220,475,219            |
| <del>Health Affairs</del>                                     | <del>162,938,570</del> | <del>164,709,561</del> |
| <u>Health Affairs</u>   | <u>163,938,570</u>     | <u>165,709,561</u>     |
| Area Health Education Centers                                 | 44,743,422             | 44,743,422             |
| University of North Carolina at Charlotte                     | 125,613,588            | 132,319,883            |
| University of North Carolina at Greensboro                    | 112,318,841            | 113,459,797            |
| University of North Carolina at Pembroke                      | 41,277,854             | 41,754,482             |
| University of North Carolina at Wilmington                    | 74,161,294             | 76,371,666             |
| Western Carolina University                                   | 71,404,729             | 71,990,778             |

|   |                                  |  |
|---|----------------------------------|--|
| Winston-Salem State University                          | 48,726,028                       | 48,658,641   |
| General Administration                                  | 48,804,831                       | 48,890,151   |
| University Institutional Programs                       | 24,610,415                       | 28,278,415   |
| Related Educational Programs                            | 112,937,512                      | 114,905,552  |
| North Carolina School of Science and Mathematics        | 14,555,420                       | 14,513,392   |
| UNC Hospitals at Chapel Hill                            | <del>44,944,579</del> 43,944,579 | 43,944,579   |
| Total University of North Carolina – Board of Governors | \$ 2,086,052,890                 | <del>\$2,119,397,081</del><br><u>\$2,120,397,081</u> |

## HEALTH AND HUMAN SERVICES

|  |                  |                  |
|--|------------------|------------------|
| Department of Health and Human Services        |                  |                  |
| Office of the Secretary                        | \$ 113,855,919   | \$ 118,880,919   |
| Division of Aging                              | 29,975,639       | 29,495,139       |
| Division of Blind Services/Deaf/HH             | 9,676,797        | 9,681,220        |
| Division of Child Development                  | 268,350,017      | 267,356,799      |
| Division of Education Services                 | 33,852,267       | 34,281,895       |
| Division of Facility Services                  | 13,608,838       | 15,959,466       |
| Division of Medical Assistance                 | 2,509,772,054    | 2,751,209,159    |
| Division of Mental Health                      | 603,315,155      | 602,556,655      |
| NC Health Choice                               | 68,169,765       | 51,882,902       |
| Division of Public Health                      | 152,391,232      | 150,814,496      |
| Division of Social Services                    | 188,512,693      | 190,679,285      |
| Division of Vocational Rehabilitation Services | 41,755,526       | 42,142,193       |
| Total Health and Human Services                | \$ 4,033,235,902 | \$ 4,264,940,128 |

## NATURAL AND ECONOMIC RESOURCES

|   |               |               |
|---|---------------|---------------|
| Department of Agriculture and Consumer Services | \$ 52,040,846 | \$ 51,032,884 |
| Department of Commerce                          |               |               |
| Commerce  | 49,686,999    | 36,728,265    |
| Commerce State-Aid                              | 26,512,085    | 11,722,085    |
| NC Biotechnology Center                         | 12,083,395    | 10,583,395    |
| Rural Economic Development Center               | 25,277,607    | 25,052,607    |
| Department of Environment and Natural Resources | 177,197,119   | 167,451,089   |
| Department of Labor                             | 14,419,553    | 14,434,925    |

## JUSTICE AND PUBLIC SAFETY

|   |  |  |
|---|--|--|
| Department of Correction                      | \$ 1,029,924,421                             | \$ 1,048,492,502                             |
| Department of Crime Control and Public Safety | <del>34,793,934</del><br><u>34,843,934</u>   | 35,153,488                                   |
| Judicial Department                           | <del>342,604,760</del><br><u>342,924,393</u> | <del>345,726,582</del><br><u>345,760,410</u> |
| Judicial Department – Indigent Defense        | 94,037,973                                   | 88,648,414                                   |
| Department of Justice                         | 77,322,567                                   | 78,697,271                                   |

|  |             |             |
|--|-------------|-------------|
| Department of Juvenile Justice and<br>Delinquency Prevention | 140,377,666 | 138,873,166 |
|--|-------------|-------------|

**GENERAL GOVERNMENT**

|                              |               |               |
|------------------------------|---------------|---------------|
| Department of Administration | \$ 62,039,261 | \$ 58,818,473 |
|------------------------------|---------------|---------------|

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Office of Administrative Hearings | 2,987,410 | 2,969,712 |
|-----------------------------------|-----------|-----------|

|                             |            |            |
|-----------------------------|------------|------------|
| Department of State Auditor | 10,850,737 | 10,840,918 |
|-----------------------------|------------|------------|

|                            |            |            |
|----------------------------|------------|------------|
| Office of State Controller | 10,043,268 | 10,044,511 |
|----------------------------|------------|------------|

|                                  |                                  |            |
|----------------------------------|----------------------------------|------------|
| Department of Cultural Resources |                                  |            |
| Cultural Resources               | <del>73,433,514</del> 73,458,514 | 62,917,147 |
| Roanoke Island Commission        | 1,783,374                        | 1,783,374  |

|                          |           |           |
|--------------------------|-----------|-----------|
| State Board of Elections | 5,107,543 | 5,069,307 |
|--------------------------|-----------|-----------|

|                  |            |            |
|------------------|------------|------------|
| General Assembly | 42,934,588 | 46,965,432 |
|------------------|------------|------------|

|   |            |           |
|---|------------|-----------|
| Office of the Governor                    |            |           |
| Office of the Governor                    | 5,324,590  | 5,344,528 |
| Office of State Budget and Management     | 5,019,735  | 5,021,795 |
| OSBM – Reserve for Special Appropriations | 11,358,429 | 5,111,429 |
| Housing Finance Agency                    | 10,450,945 | 4,750,945 |

|   |            |            |
|---|------------|------------|
| Department of Insurance                               |            |            |
| Insurance   | 28,220,714 | 28,110,582 |
| Insurance – Volunteer Safety Workers'<br>Compensation | 2,000,000  | 4,500,000  |

|                               |         |         |
|-------------------------------|---------|---------|
| Office of Lieutenant Governor | 754,737 | 753,037 |
|-------------------------------|---------|---------|

|                       |  |  |
|-----------------------|--|--|
| Department of Revenue | <del>81,447,475</del><br><u>81,467,175</u> | <del>80,630,250</del><br><u>80,673,250</u> |
|-----------------------|--|--|

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Department of Secretary of State | 8,934,063 | 9,269,633 |
|----------------------------------|-----------|-----------|

|   |           |           |
|---|-----------|-----------|
| Department of State Treasurer                                     |           |           |
| State Treasurer   | 8,690,595 | 8,295,843 |
| State Treasurer – Retirement for Fire<br>and Rescue Squad Workers | 8,651,457 | 8,651,457 |

**TRANSPORTATION**

|                              |            |      |
|------------------------------|------------|------|
| Department of Transportation | \$ 200,000 | \$ 0 |
|------------------------------|------------|------|

**RESERVES, ADJUSTMENTS AND DEBT SERVICE**

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Reserve for Compensation Increases | \$ 243,181,327 | \$ 235,185,705 |
|------------------------------------|----------------|----------------|

|  |           |           |
|--|-----------|-----------|
| Salary Adjustment Fund: 2005-2007 Biennium | 4,500,000 | 4,500,000 |
|--|-----------|-----------|

|   |           |           |
|---|-----------|-----------|
| Salary Adjustment Fund: 2004-2005 Fiscal Year | 4,500,000 | 4,500,000 |
|---|-----------|-----------|

|  |             |             |
|--|-------------|-------------|
| Reserve for Teachers' and State Employees' Retirement Contribution | 13,810,800  | 13,810,800  |
| Reserve for Retirement System Payback                              | 25,000,000  | 0           |
| Reserve for Death Benefit Trust                                    | 12,899,200  | 12,899,200  |
| Reserve for Disability Income Plan                                 | 6,586,500   | 6,586,500   |
| Reserve for State Health Plan                                      | 108,648,000 | 142,728,000 |
| Contingency and Emergency Fund                                     | 5,000,000   | 5,000,000   |
| Reserve for Information Technology Rate Adjustments                | (2,300,000) | (2,300,000) |
| Information Technology Fund  | 24,375,000  | 8,025,000   |
| MH/DD/SAS Trust Fund   | 10,000,000  | 0           |
| Health and Wellness Trust Fund                                     | 10,000,000  | 0           |
| Reserve for Job Development Investment Grants (JDIG)               | 9,000,000   | 12,400,000  |
| Reserve for Increased Fuel Costs                                   | 3,000,000   | 0           |
| Reserve for Contingent Appropriations                              | 85,000,000  | 85,000,000  |
| Debt Service   |             |             |
| General Debt Service   | 489,544,211 | 619,291,140 |
| Federal Reimbursement  | 1,616,380   | 1,616,380   |

**TOTAL CURRENT OPERATIONS – GENERAL FUND**

~~\$ 17,025,846,458~~ ~~\$ 17,293,127,963~~  
\$ 17,026,260,791 \$ 17,294,204,791"

**SECTION 1.(b)** Section 2.2.(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 2.2.(a)** The General Fund availability used in developing the 2005-2007 biennial budget is shown below:

|   | <b>FY 2005-2006</b>     | <b>FY 2006-2007</b>  |
|---|-------------------------|--|
| Unappropriated Balance Remaining from Previous Year | \$0                     | <del>\$117,227,875</del><br><u>\$113,079,042</u>                       |
| Projected Over Collections FY 2004-2005             | 681,500,000             | 0  |
| Projected Reversions FY 2004-2005                   | 115,000,000             | 0  |
| Less Earmarkings of Year End Credit Balance         |                         | 0  |
| Savings Reserve Account                             | (199,125,000)           | 0  |
| Repairs and Renovations                             | (125,000,000)           | 0  |
| <b>Beginning Unreserved Credit Balance</b>          | <b>\$472,375,000</b>    | <b><del>\$114,345,875</del></b><br><b><u>\$113,079,042</u></b>         |
| <b>Revenues Based on Existing Tax Structure</b>     | <b>\$15,417,300,000</b> | <b><del>\$ 16,993,257,284</del></b><br><b><u>\$ 16,077,600,000</u></b> |

**Nontax Revenues**

|                                 |                       |                       |
|---------------------------------|-----------------------|-----------------------|
| Investment Income               | 74,800,000            | 78,700,000            |
| Judicial Fees                   | 144,800,000           | 148,300,000           |
| Disproportionate Share          | 100,000,000           | 100,000,000           |
| Insurance                       | 49,500,000            | 51,300,000            |
| Other Nontax Revenues           | 138,000,000           | 151,300,000           |
| Highway Trust Fund/Use Tax      |                       |                       |
| Reimbursement Transfer          | 252,558,117           | 252,663,009           |
| Highway Fund Transfer           | 16,166,400            | 16,166,400            |
| <b>Subtotal Nontax Revenues</b> | <b>\$ 775,824,517</b> | <b>\$ 798,429,409</b> |

|  |                          |                                 |
|--|--------------------------|---------------------------------|
| <b>Total General Fund Availability</b> | <b>\$ 16,665,499,517</b> | <b>\$ 16,990,375,284</b>        |
|  |                          | <b><u>\$ 16,989,108,451</u></b> |

**Adjustments to Availability: 2005 Session**

|  |                                  |                    |
|--|----------------------------------|--------------------|
| Streamlined Sales Tax Changes                        | 40,000,000                       | 61,700,000         |
| Maintain 4.5% Sales Tax Rate                         | 417,100,000                      | 462,700,000        |
| Other Sales Tax Changes                              |                                  |                    |
| Apply Sales Tax to Candy                             | 9,800,000                        | 15,800,000         |
| Apply General Sales Tax Rate to Cable                | 10,900,000                       | 26,100,000         |
| Exempt Potting Soil for Farmers                      | (200,000)                        | (300,000)          |
| Tobacco Tax Rate Changes                             | 118,800,000                      | 189,400,000        |
| Extend 8.25% Individual Income                       |                                  |                    |
| Tax Rate for 2 years                                 | 39,800,000                       | 89,700,000         |
| Continue Use Tax Line on Individual Returns          | 3,200,000                        | 3,200,000          |
| <u>Increase Contribution to NC Political Parties</u> |                                  |                    |
| <u>Financing Fund – Tax Return Designation</u>       | <u>0</u>                         | <u>(1,000,000)</u> |
| Conform Estate Tax to Federal Sunset                 | 29,100,000                       | 115,600,000        |
| Film Industry Jobs Incentives                        | (3,500,000)                      | (3,500,000)        |
| IRC Update – Partial Conformance                     | (8,000,000)                      | (10,700,000)       |
| Adjust Rates for Health Maintenance                  |                                  |                    |
| Organizations  | 0                                | 14,300,000         |
| <u>SL 2005-241 Extend JDIG and Bill Lee Act</u>      | <u>0</u>                         | <u>(2,030,000)</u> |
| Increase Earmarking for                              |                                  |                    |
| NC Grape Growers Council                             | (150,000)                        | (150,000)          |
| Proceeds from the Sale of the Polk Building          | 4,977,781                        | 0                  |
| Justice and Public Safety Fees                       | <del>17,028,271</del> 16,868,771 | 20,428,271         |
| Transfer from Tobacco Trust Fund                     | 34,000,000                       | 30,000,000         |
| Transfers from Special Revenue and Other Funds       | 5,453,950                        | 0                  |
| Reimburse Debt Service for                           |                                  |                    |
| Certain Capital Facilities and                       |                                  |                    |
| Land Acquisition per S.L. 2004-179                   | 5,958,723                        | 21,060,827         |
| Transfer to Civil Penalty and Forfeiture Fund        | (80,000,000)                     | (85,000,000)       |
| Suspend Highway Fund Transfer                        | (16,166,400)                     | (16,166,400)       |
| Adjust Transfer from Insurance Regulatory Fund       | 389,013                          | 243,813            |
| Adjust Transfer from Treasurer's Office              | 468,478                          | 67,478             |
| <u>Reimbursement for Property Tax Commission</u>     |                                  |                    |
| <u>Expenses</u>                                      | <u>0</u>                         | <u>168,616</u>     |

**Subtotal Adjustments to Availability:  
2005 Session**

|  |                                     |                                     |
|--|-------------------------------------|-------------------------------------|
|  | <del>\$ 628,959,816</del>           | <del>\$ 934,483,989</del>           |
|  | <b>\$ 628,800,316</b>               | <b>\$ 931,622,605</b>               |
| <b>Revised General Fund Availability</b> | <del><b>\$ 17,294,459,333</b></del> | <del><b>\$ 17,927,741,273</b></del> |
|  | <b><u>\$ 17,294,299,833</u></b>     | <b><u>\$ 17,920,731,056</u></b>     |

**Less: General Fund Appropriations**

SB 622 (2005 Appropriations Act)

(17,077,231,458) (17,293,127,963)

(17,081,220,791) (17,294,204,791)

G.S. 143-15.3B: Clean Water  
Management Trust Fund

(100,000,000) (100,000,000)

**Total General Fund Appropriations  
2005-2007 Biennium**

~~(\$17,177,231,458) (\$17,393,127,963)~~

(\$17,181,220,791) (\$17,394,204,791)

**Unappropriated Balance Remaining**

**\$117,227,875 \$534,613,310**

**\$113,079,042 \$526,526,265"**

**SECTION 2.(a)** Section 6.12.(b) of S.L. 2005-276 reads as rewritten:

**"SECTION 6.12.(b)** If this section, or any portion of the amendment made to G.S. 66-291(b)(2) by this section, is held by a court of competent jurisdiction to be unconstitutional, then G.S. 66-291(b)(2) shall be deemed to be repealed in its entirety. If G.S. ~~66-291(b)(2)~~ 66-291(b) shall thereafter be held by a court of competent jurisdiction to be unconstitutional, then this section shall be repealed, and G.S. 66-291(b)(2) shall be restored as if no amendments had been made by this section. Neither any judicial holding of unconstitutionality nor the repeal of G.S. 66-291(b)(2) shall affect, impair, or invalidate any other portion of Part 1 of Article 37 of Chapter 66 of the General Statutes or the application of Part 1 of Article 37 of Chapter 66 of the General Statutes to any other person or circumstance, and the remaining portions of Part 1 of Article 37 of Chapter 66 of the General Statutes shall at all times continue in full force and effect."

**SECTION 2.(b)** This section becomes effective January 1, 2006.

**SECTION 3.(a)** Effective July 1, 2005, Section 6.29 of S.L. 2005-276 is repealed.

**SECTION 3.(b)** Effective March 1, 2006, G.S. 58-50-30(a3) reads as rewritten:

"(a3) Whenever any health benefit plan, subscriber contract, or policy of insurance issued by a health maintenance organization, hospital or medical service corporation, or insurer governed by Articles 1 through 67 of this Chapter provides coverage for medically necessary treatment, the insurer shall not impose any limitation on treatment or levels of coverage if performed by a duly licensed chiropractor acting within the scope of the chiropractor's practice as defined in G.S. 90-151 unless a comparable limitation is imposed on the medically necessary treatment if performed or authorized by any other duly licensed physician. An insurer shall not impose as a limitation on treatment or level of coverage a co-payment amount charged to the insured for chiropractic services that is higher than the co-payment amount charged to the insured for the services of a duly licensed primary care physician for a comparable medically necessary treatment or condition."

**SECTION 3.(c)** This sections applies to policies issued, renewed, or amended on or after March 1, 2006.

**SECTION 4.** Section 6.36.(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 6.36.(a)** The Office of State Budget and Management shall develop a plan to consolidate all State-funded laboratories. This plan will augment capital and space-allocation plans already developed for the new laboratories.

The State-funded laboratories to be considered for consolidation include the Public Health State Laboratory within the Department of Health and Human Services, the Agricultural Laboratory within the Department of Agriculture and Consumer Services, Veterinary Division, and the State Bureau of Investigation Crime Laboratories within the Department of Justice. The Office of State Budget and Management shall use up to two hundred fifty thousand dollars (\$250,000) of funds available to hire an independent consultant who shall conduct the study and develop the consolidation plan. The Office

~~of State Budget and Management shall hire an independent consultant to conduct the study and develop the consolidation plan. The study shall include the feasibility of consolidating these laboratory functions and the identification of any duplicative functions."~~

**SECTION 5.** Section 7.5 of S.L. 2005-276 reads as rewritten:

"**SECTION 7.5.** Effective July 1, 2005, any permanent certified personnel employed on ~~July 1, 2003, July 1, 2005,~~ and paid on the teacher salary schedule with 29+ years of experience shall receive a one-time bonus equivalent to the average increase of the 26 to 29 year steps. Effective July 1, 2005, any permanent personnel employed on ~~July 1, 2004, July 1, 2005,~~ and paid at the top of the principal and assistant principal salary schedule shall receive a one-time bonus equivalent to two percent (2%).

For permanent part-time personnel, the one-time bonus shall be adjusted pro rata. Personnel defined under G.S. 115C-325(a)(5a) are not eligible to receive the bonus."

**SECTION 6.(a)** Section 7.32.(b) of S.L. 2005-276 reads as rewritten:

"**SECTION 7.32.(b)** These funds shall be used to establish new high schools in which a local school administrative unit, two- and four-year colleges and universities, and local employers work together to ensure that high school and postsecondary college curricula operate seamlessly and meet the needs of participating employers.

Funds shall not be allotted until Learn and Earn high schools and planning sites are ~~certified as operational.~~ approved by the State Board of Education. Within funds available, the State Board of Education may approve additional planning sites. Learn and Earn planning sites are expected to complete the planning process by the end of the fiscal year for which the planning funds are awarded."

**SECTION 6.(b)** G.S. 115C-238.51(c), as rewritten by Section 7.33.(a) of S.L. 2005-276, reads as rewritten:

"(c) The application shall be submitted to the State Board of Education and the applicable governing ~~Boards by November 1 of each year.~~ Boards. The Boards shall appoint a joint advisory committee to review the applications and to recommend to the Boards those programs that meet the requirements of this Part and that achieve the purposes set out in G.S. 115C-238.50."

**SECTION 6.(c)** G.S. 115C-238.51(d), as rewritten by Section 7.33.(a) of S.L. 2005-276, reads as rewritten:

"(d) The Boards may approve programs recommended by the joint advisory committee or may approve other programs that were not recommended. The Boards shall approve all applications by ~~March 15~~ June 30 of each year. No application shall be approved unless the State Board of Education and the applicable governing Board find that the application meets the requirements set out in this Part and that granting the application would achieve the purposes set out in G.S. 115C-238.50. Priority shall be given to applications that are most likely to further State education policies, to address the economic development needs of the economic development regions in which they are located, and to strengthen the educational programs offered in the local school administrative units in which they are located."

**SECTION 7.** Section 7.51(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 7.51.(c)** Subsection (b) of this section becomes effective July 1, 2006. Notwithstanding the provisions of G.S. 105-164.44H, for the 2006-2007 fiscal year, the amount transferred to the State Public School Fund each quarter shall equal one-fourth of the amount refunded under ~~G.S. 105-164.4(c)(2b) and (2c)~~ G.S. 105-164.14(c)(2b) and (2c) during the 2005-2006 fiscal year plus or minus the percentage of that amount by which the total collection of State sales and use tax increased or decreased during the preceding fiscal year. The remainder of this section becomes effective July 1, 2005, and applies to sales made on or after that date."

**SECTION 8.** Section 7.57 of S.L. 2005-276 reads as rewritten:

"**SECTION 7.57.** Of the funds appropriated for Student Transportation for the 2005-2006 fiscal year, the Department of Public Instruction shall use up to one hundred

fifty thousand dollars (\$150,000) for a study of the current allotment formula for school transportation. The study shall be conducted by an independent consultant.

In the course of the study, the consultant shall consider whether (i) the current formula sufficiently encourages the efficient and effective use of school transportation funds by urban and rural school systems, (ii) the formula is adequately and equitably meeting the needs of school systems, and (iii) the formula is appropriate in light of the Leandro litigation. The consultant shall also propose options for reducing the severe and growing disparity in funding that exists under the formula among local school administrative units.

The consultant shall report the results of its study to the State Board of Education by ~~December 1, 2005~~ March 1, 2006. The State Board of Education shall submit a plan for the implementation of the consultant's report to the Joint Legislative Education Oversight Committee by ~~March 15, 2006~~ April 15, 2006."

**SECTION 9.** S.L. 2005-276 is amended by adding a new section to read:

"**SECTION 7.62.** Notwithstanding any other provision of law, of the funds appropriated in S.L. 2005-1 to the Disaster Relief Reserve Fund, the sum of seven hundred fifty thousand dollars (\$750,000) is hereby transferred from the Disaster Relief Reserve Fund to Hyde County for the 2005-2006 fiscal year to be used to repair Ocracoke School which was damaged as a result of Hurricane Isabel and Hurricane Alex."

**SECTION 10.** Section 8.11 of S.L. 2005-276 reads as rewritten:

~~"SECTION 8.11. Funds appropriated in this act for North Carolina Electronics and Information Technologies Association's Defense Technology Innovation Center~~ Of the funds appropriated in this act to the Community Colleges System Office, the sum of two million dollars (\$2,000,000) for the 2005-2006 fiscal year shall be allocated to the Partnership for Defense Innovation for the establishment of the Defense Technology Innovation Center. These funds shall be used for the following:

- (1) Site selection and acquisition, including the purchase or lease of real property to house the Center; the construction of buildings or other site structures; the improvement or refurbishment of existing structures to provide appropriate laboratory and administrative space; and the improvement of existing infrastructure at the facility, including improvements to utility, telecommunications, and Internet infrastructure.
- (2) Equipment acquisition, including acquisition of laboratory equipment and supplies and office furniture, equipment, and supplies.
- (3) Employment of staff to support the mission of the Center and to oversee day-to-day operations of the Center.
- (4) ~~Implementation of a comprehensive business and marketing plan for the Center.~~ Implementation of the business and marketing plan delivered to the General Assembly in 2005 by the North Carolina Electronics and Information Technologies Association (NCEITA) as directed by Section 8.17 of S.L. 2004-124, including contracting with an experienced incubator development team to develop the Center and implement the business plan.
- (5) Development of a tenant screening process and the recruitment of appropriate tenants for the Center.
- (6) Administration and operation of the Center and the development of a sustainable business plan for the Center."

**SECTION 11.** Section 9.6.(d) of S.L. 2005-276 reads as rewritten:

"**SECTION 9.6.(d)** All obligations to students for uses of the funds ~~set out in sections~~ that were made before the date this act becomes law shall be fulfilled as to students who remain eligible under the provisions of the respective programs."

**SECTION 12.** Section 9.16 of S.L. 2005-276 reads as rewritten:



"**SECTION 9.16.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2005-2006 fiscal year the sum of ~~one million eighty eight thousand nine hundred forty one dollars (\$1,088,941)~~ one million eighty-nine thousand dollars (\$1,089,000) shall be allocated to North Carolina Agricultural and Technical State University for agricultural and research extension programs. It is the intent of the General Assembly to fully fund these programs for the 2006-2007 fiscal year."

**SECTION 13.** S.L. 2005-276 is amended by adding a new section to read:

"**SECTION 9.38.** Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the University of North Carolina at Chapel Hill – Health Affairs, the sum of one million dollars (\$1,000,000) for the 2005-2006 fiscal year and the sum of one million dollars (\$1,000,000) for the 2006-2007 fiscal year shall be used by the University of North Carolina at Chapel Hill School of Medicine to establish and operate a translational medicine program."

**SECTION 14.** S.L. 2005-276 is amended by adding a new section to read:

"**SECTION 9.38.** G.S. 116-143.3 reads as rewritten:

"**§ 116-143.3. Tuition of active duty personnel in the armed services.**

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

- (1) The term "abode" shall mean the place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.
- (2) The term "armed services" shall mean the United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any Reserve Component of the foregoing.
- (3) The term "tuition assistance" shall be used as defined in the United States Department of Defense Directive 1322.8, implementing 10 U.S.C. § 2007.

(b) Any active duty member of the armed services qualifying for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the member of the armed services is abiding in this State incident to active military duty in this State. In the event the active duty member of the armed services is reassigned outside of North Carolina, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the active duty member of the armed services receives an Honorable Discharge from military service, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member establishes residency in North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is discharged.

(b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) Any dependent relative of a member of the armed services who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). The dependent relatives shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit. In the event the member of the armed services is reassigned outside of North Carolina, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is reassigned. In the event the member of the armed services receives an

Honorable Discharge from military service, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is discharged.

(d) The burden of proving entitlement to the benefit of this section shall lie with the applicant therefor.

(e) A person charged less than the out-of-state tuition rate solely by reason of this section shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l)."

**SECTION 15.** Section 5.1.(v) of S.L. 2005-276 reads as rewritten:

"**SECTION 5.1.(v)** The sum of one million seven hundred six thousand sixty-three dollars (\$1,706,063) appropriated in this section in the ~~TANF~~ Social Services Block Grant for child caring agencies for the 2005-2006 fiscal year shall be allocated to the State Private Child Caring Agencies Fund."

**SECTION 16.** Section 10.21C(c) of S.L. 2005-276 reads as rewritten:

"**SECTION 10.21C.(c)** This section becomes effective ~~January 1, 2006~~, July 1, 2006, and applies to recipients of medical assistance on or after that date."

**SECTION 17.** G.S. 90-113.63(b), as enacted by Section 10.36 of S.L. 2005-276, reads as rewritten:

"(b) The Commission ~~for Health Services~~ shall adopt rules requiring dispensers to report the following information. The Commission may modify these requirements as necessary to carry out the purposes of this Article. The dispenser shall report:

- (1) The dispenser's DEA number.
- (2) The name of the patient for whom the controlled substance is being dispensed, and the patient's:
  - a. Full address, including city, state, and zip code,
  - b. Telephone number, and
  - c. Date of birth.
- (3) The date the prescription was written.
- (4) The date the prescription was filled.
- (5) The prescription number.
- (6) Whether the prescription is new or a refill.
- (7) Metric quantity of the dispensed drug.
- (8) Estimated days of supply of dispensed drug, if provided to the dispenser.
- (9) National Drug Code of dispensed drug.
- (10) Prescriber's DEA number."

**SECTION 18.** Section 10.39 of S.L. 2005-276 is amended by adding the following new subsection to read:

"**SECTION 10.39.(d)** Subsection (a) of this section becomes effective October 1, 2005."

**SECTION 19.** Section 10.59E of S.L. 2005-276 reads as rewritten:

"**SECTION 10.59E.** Of funds appropriated in this act to the Department of Health and Human Services for the 2005-2006 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated for the Community-Focused Eliminating Health Disparities Initiative (CFEHDI) to build capacity of local public health departments, American Indian tribes, and faith-based and community-based organizations to close the gap in the health status of African-Americans, Hispanics/Latinos, and American Indians as compared to white persons. The areas of focus on health status shall be infant mortality, HIV-AIDS and sexually transmitted infections, cancer, diabetes, and homicides and motor vehicle deaths. These funds shall also be used to support one FTE in the Department of Health and Human Services to monitor, track, and evaluate grantees' progress in meeting performance-based standards and outcomes established by the Department."

**SECTION 20.(a)** Section 10.59F(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 10.59F.(a)** Program established. – There is established in the Department of Health and Human Services, Division of Public Health, the Governor's Vision Care Program. The purpose of the Program is to provide funds for early detection and correction of vision problems in children enrolling or enrolled in grades K through 3 who are eligible for services under the Program. These funds shall be allocated to reimburse optometrists and ophthalmologists licensed to practice in this State for the comprehensive eye examination, including necessary spectacles, provided to meet the requirements of G.S. 130A-440.1."

**SECTION 20.(b)** Section 10.59F(b) of S.L. 2005-276 reads as rewritten:

**"SECTION 10.59F.(b)** Eligibility. – Children eligible for services under this section shall be those with a family income not exceeding two hundred fifty percent (250%) of the federal poverty level, who do not ~~have~~ receive comparable services through private health insurance coverage, and are not eligible for services under NC Health Choice, Medicaid, the Department of Health and Human Services' Commission for the Blind programs, VSP's Sight for Students, or the Lions Club Foundation."

**SECTION 20.(c)** Section 10.59F(f) of S.L. 2005-276 reads as rewritten:

**"SECTION 10.59F.(f)** Not later than ~~May 1, 2006,~~ January 15, 2006, the Department of Health and Human Services shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on the implementation of this section. ~~The report shall include the number of children who were exempt from the comprehensive eye examination requirement under G.S. 130A-440.1(a).~~"

**SECTION 20.(d)** Section 10.59F(h) of S.L. 2005-276 reads as rewritten:

**"SECTION 10.59F.(h)** ~~This Subsection (g) of this section becomes effective beginning with the 2006-2007 school year. The remainder of this section is effective July 1, 2005.~~"

**SECTION 21.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 10.37A.** Funds appropriated in this act to the Department of Health and Human Services for the Jewish Community Center of Charlotte, Inc. shall be paid to Senior Activities and Services, Inc. to support activities of the Levine Senior Center of Matthews."

**SECTION 22.** G.S. 19A-24(5), as enacted by Section 11.5.(b) of S.L. 2005-276, reads as rewritten:

"(5) Adopt rules on the euthanasia of animals in the possession or custody of any person ~~licensed~~ required to obtain a certificate of registration under this Article. An animal shall only be put to death by a method and delivery of method approved by the American Veterinary Medical Association, the Humane Society of the United States, or the American Humane Association. The Department shall establish rules for the euthanasia process using any one or combination of methods and standards prescribed by the three aforementioned organizations. The rules shall address the equipment, the process, and the separation of animals, in addition to the animals' age and condition. If the gas method of euthanasia is approved, rules shall require (i) that only commercially compressed carbon monoxide gas is approved for use, and (ii) that the gas must be delivered in a commercially manufactured chamber that allows for the individual separation of animals. Rules shall also mandate training for any person who participates in the euthanasia process."

**SECTION 23.** Section 12.5(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 12.5.(a)** Of the funds appropriated in this act to the Department of Environment and Natural Resources for the Grassroots Science Program, the sum of three million one hundred ninety-seven thousand seven hundred sixty-two dollars

(\$3,197,762) for the 2005-2006 fiscal year is allocated as grants-in-aid for each fiscal year as follows:

|   | 2005-2006           |
|---|---------------------|
| Aurora Fossil Museum  | \$59,057            |
| Cape Fear Museum  | \$161,007           |
| Carolina Raptor Center  | \$112,174           |
| Catawba Science Center  | \$133,429           |
| Colburn Gem and Mineral Museum, Inc.  | \$74,545            |
| Discovery Place   | \$662,865           |
| Eastern NC Regional Science Center  | \$50,000            |
| <del>Elizabeth City Science Center</del>  | <del>\$50,000</del> |
| <u>Port Discover: Northeastern North Carolina's Center for Hands-On Science, Inc.</u> |                     |
| Fascinate-U   | \$80,742            |
| Granville County Museum Commission, Inc.–Harris Gallery                               | \$56,422            |
| Greensboro Children's Museum  | \$135,076           |
| The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.    | \$134,499           |
| Highlands Nature Center   | \$79,268            |
| Imagination Station   | \$86,034            |
| Kidsenses   | \$50,000            |
| Museum of Coastal Carolina  | \$74,192            |
| Natural Science Center of Greensboro  | \$186,354           |
| North Carolina Museum of Life and Science   | \$379,826           |
| Rocky Mount Children's Museum   | \$72,254            |
| Schiele Museum of Natural History   | \$229,547           |
| Sci Works Science Center and Environmental Park of Forsyth County                     | \$146,499           |
| Western North Carolina Nature Center  | \$112,879           |
| Wilmington Children's Museum  | \$71,093            |
| <br>Total   | <br>\$3,197,762"    |

**SECTION 24.** Section 13.4.(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 13.4.(a)** Funds from the Employment Security Commission Reserve Fund shall be available to the Employment Security Commission to use as collateral to secure federal funds and to pay the administrative costs associated with the collection of the Employment Security Commission Reserve Fund surcharge. ~~The total administrative costs paid with funds from the Reserve shall not exceed the total administrative costs paid in fiscal year 2004-2005.~~ The total administrative costs paid with funds from the Reserve in the 2005-2006 fiscal year shall not exceed two million dollars (\$2,000,000)."

**SECTION 25.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 13.15.** G.S. 143B-472.80 is amended by adding a new subdivision to read:

**"(5)** To prepare a biennial report by county on the status of trends that reflect the impact of education on economic growth for the twenty-first century. This report shall contain information about the status of each county with regard to education and economic growth. The Board shall provide the report to the General Assembly prior to February 1, 2007, and biennially thereafter."

**SECTION 26.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 13.16.** Of the funds appropriated in this act to the Department of Commerce for the 2005-2006 fiscal year to promote the North Carolina furniture industry, the sum of seven hundred fifty thousand dollars (\$750,000) shall be allocated to the High Point International Home Furnishings Market Authority Corporation to promote the International Home Furnishings Market."

**SECTION 27.(a)** S.L. 2005-276 is amended by adding a new subsection to read:

**"SECTION 14.2.(f1)** G.S. 7A-133(a) as amended by Section 14.2.(f) of this act, reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

| District | Judges | County   |
|----------|--------|--|
| 1        | 5      | Camden<br>Chowan<br>Currituck<br>Dare<br>Gates<br>Pasquotank<br>Perquimans |
| 2        | 4      | Martin<br>Beaufort<br>Tyrrell<br>Hyde<br>Washington                        |
| 3A       | 5      | Pitt   |
| 3B       | 5      | Craven<br>Pamlico<br>Carteret  |
| 4        | 8      | Sampson<br>Duplin<br>Jones<br>Onslow                                       |
| 5        | 8      | New Hanover<br>Pender  |
| 6A       | 2      | Halifax  |
| 6B       | 3      | Northampton<br>Bertie<br>Hertford  |
| 7        | 7      | Nash<br>Edgecombe<br>Wilson  |
| 8        | 6      | Wayne<br>Greene<br>Lenoir  |
| 9        | 4      | Granville<br>(part of Vance<br>see subsection (b))<br>Franklin             |
| 9A       | 2      | Person<br>Caswell  |
| 9B       | 2      | Warren<br>(part of Vance<br>see subsection (b))                            |
| 10       | 15     | Wake   |
| 11       | 8      | Harnett  |

|                |              |                            |
|----------------|--------------|----------------------------|
|                |              | Johnston                   |
|                |              | Lee                        |
| 12             | 9            | Cumberland                 |
| 13             | 6            | Bladen                     |
|                |              | Brunswick                  |
|                |              | Columbus                   |
| 14             | 6            | Durham                     |
| 15A            | 4            | Alamance                   |
| 15B            | 4            | Orange                     |
|                |              | Chatham                    |
| 16A            | 3            | Scotland                   |
|                |              | Hoke                       |
| 16B            | 5            | Robeson                    |
| 17A            | 2            | Rockingham                 |
| 17B            | 4            | Stokes                     |
|                |              | Surry                      |
| 18             | 12           | Guilford                   |
| 19A            | 4            | Cabarrus                   |
| 19B            | 6            | Montgomery                 |
|                |              | Moore                      |
|                |              | Randolph                   |
| 19C            | 4            | Rowan                      |
| 20A            | 4            | Stanly                     |
|                |              | Anson                      |
|                |              | Richmond                   |
| <del>20B</del> | <del>3</del> | <del>Union</del>           |
| <u>20B</u>     | <u>1</u>     | <u>(part of Union</u>      |
|                |              | <u>see subsection (b))</u> |
| <u>20C</u>     | <u>2</u>     | <u>(part of Union</u>      |
|                |              | <u>see subsection (b))</u> |
| 21             | 9            | Forsyth                    |
| 22             | 9            | Alexander                  |
|                |              | Davidson                   |
|                |              | Davie                      |
|                |              | Iredell                    |
| 23             | 4            | Alleghany                  |
|                |              | Ashe                       |
|                |              | Wilkes                     |
|                |              | Yadkin                     |
| 24             | 4            | Avery                      |
|                |              | Madison                    |
|                |              | Mitchell                   |
|                |              | Watauga                    |
|                |              | Yancey                     |
| 25             | 8            | Burke                      |
|                |              | Caldwell                   |
|                |              | Catawba                    |
| 26             | 17           | Mecklenburg                |
| 27A            | 6            | Gaston                     |
| 27B            | 4            | Cleveland                  |
|                |              | Lincoln                    |
| 28             | 6            | Buncombe                   |

|     |   |              |
|-----|---|--------------|
| 29A | 3 | McDowell     |
|     |   | Rutherford   |
| 29B | 4 | Henderson    |
|     |   | Polk         |
|     |   | Transylvania |
| 30  | 5 | Cherokee     |
|     |   | Clay         |
|     |   | Graham       |
|     |   | Haywood      |
|     |   | Jackson      |
|     |   | Macon        |
|     |   | Swain.""     |

**SECTION 27.(b)** A new subsection is added to S.L. 2005-276 to read:

**"SECTION 14.2.(f2)** G.S. 7A-133(b) reads as rewritten:

"(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- (1) District Court District 9 consists of Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B.
- (2) District Court District 9B consists of Warren County and East Henderson I, North Henderson I, North Henderson II, Middleburg, Townsville, and Williamsboro Precincts of Vance County.
- (3) District Court District 20B consists of the remainder of Union County not in District Court District 20C.
- (4) District Court District 20C consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022,

Block 1023; Tract 204.01; Block Group 2; Block 2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13, Precinct 23; Tract 206; Block Group 4; Block 4051; Precinct 25; Tract 206; Block Group 4; Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.

Precinct boundaries as used in this section for Vance County are those shown on maps on file with the Legislative Services Office on May 1, 1991, for Union County, are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files."

**SECTION 27.(c)** Section 14.2.(h) of S.L. 2005-276 reads as rewritten:

"SECTION 14.2.(h) The three district court judgeships for District 20B under subsection (f) of this section shall be filled by the district court judges from current District 20 who reside in Union County. The terms of the three judges living in Union County expire the first Monday in December 2008. Those judges' successors—The district court judgeship for District 20B under subsection (f) of this section shall be filled by the district court judge from current District 20 who resides in that portion of Union County included in District 20B. The term of that judge expires the first Monday in December 2008. That judge's successor shall be elected in the 2008 general election. The two district court judgeships for District 20C under subsection (f) of this section shall be filled by the other two district court judges from current District 20 who reside in Union County. The terms of those judges expire the first Monday in December 2008. Those judges' successors shall be elected in the 2008 general election."

**SECTION 28.** Section 14.11 of S.L. 2005-276 reads as rewritten:

**"SECTION 14.11.** The Judicial Department, Office of Indigent Defense Services, may use up to the sum of one million sixty-nine thousand six hundred forty-five dollars (\$1,069,645) in appropriated funds during the 2005-2006 fiscal year and up to the sum of one million twenty-three thousand one hundred thirty-five dollars (\$1,023,135) in appropriated funds during the 2006-2007 fiscal year (i) for the expansion of existing offices currently providing legal services to the indigent population under the oversight of the Office of Indigent Defense Services by creating up to 10 new attorney positions and five new support staff positions; and (ii) to create up to two new assistant public defender positions and one new support staff position in the First Defender District and up to one new assistant public defender position in Defender District 3A, for the purpose of representing indigent persons eligible for the appointment of counsel in Superior Court District 2 and District Court District 2. These funds may be used for salaries, benefits, equipment, and related expenses. Prior to using funds for this purpose, the Office of Indigent Defense Services shall report to the Chairs of the House and the Senate Appropriations Subcommittees on Justice and Public Safety on the proposed expansion."

**SECTION 29.(a)** Section 14.22 of S.L. 2005-276 reads as rewritten:

**"SECTION 14.22.** ~~Funds—~~Except as otherwise provided in this act, funds appropriated to the Judicial Department in this act for the adult Drug Treatment Court program shall be used only to provide treatment and case coordination to offenders sentenced to intermediate punishment and to offenders sentenced to community punishment who are at risk of revocation."

**SECTION 29.(b)** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 14.23.** Notwithstanding the provisions of Section 14.22 of this act, of the funds appropriated to the Judicial Department in this act, the sum of three hundred thousand dollars (\$300,000) for the 2005-2006 fiscal year shall be used to fund the



operations of the Mecklenburg Drug Treatment Court to provide treatment to DWI offenders and pretrial offenders."

**SECTION 30.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 14.24.(a)** Of the funds appropriated to the Judicial Department in this act, the Department shall use the sum of nineteen thousand six hundred thirty-three dollars (\$19,633) for the 2005-2006 fiscal year and the sum of thirty-three thousand eight hundred twenty-eight dollars (\$33,828) for the 2006-2007 fiscal year to establish a new deputy clerk of court position in Hyde County.

**SECTION 14.24.(b)** This section becomes effective January 1, 2006."

**SECTION 31.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 17.31.** G.S. 14-309.15(d) reads as rewritten:

"(d) The maximum cash prize that may be offered or paid for any one raffle is ~~ten thousand dollars (\$10,000)~~ fifty thousand dollars (\$50,000) and if merchandise is used as a prize, and it is not redeemable for cash, the maximum fair market value of that prize may be fifty thousand dollars (\$50,000). No real property may be offered as a prize in a raffle. The total cash prizes offered or paid by any nonprofit organization or association may not exceed ~~ten thousand dollars (\$10,000)~~ fifty thousand dollars (\$50,000) in any calendar year. The total fair market value of all prizes offered by any nonprofit organization or association, either in cash or in merchandise that is not redeemable for cash, may not exceed fifty thousand dollars (\$50,000) in any calendar year."

**SECTION 32.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 18.3.** Of the funds appropriated in this act to the Department of Crime Control and Public Safety, the sum of fifty thousand dollars (\$50,000) for the 2005-2006 fiscal year shall be used for the Warrenton National Guard Armory to be used for asbestos and lead paint abatement and other capital improvements."

**SECTION 33.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 19A.2.** Of the funds appropriated to the Department of Cultural Resources in this act, the sum of twenty five thousand dollars (\$25,000) for the 2005-2006 fiscal year shall be used as a grant-in-aid to the Carolinas Concert Association to provide disadvantaged youth with opportunities for education enrichment."

**SECTION 34.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 19A.3.** Funds appropriated in this act to the Department of Cultural Resources for the 2005-2006 fiscal year for the Bethel Public Library shall be transferred to the Town of Bethel to be used for repairs and upgrades."

**SECTION 35.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 21.3.** Funds appropriated in this act to the Department of Insurance for the 2005-2006 fiscal year for the Ansonville Volunteer Fire Department shall be allocated in equal shares to all volunteer fire departments in Anson County. Funds appropriated in this act to the Department of Insurance for the 2005-2006 fiscal year for the Union Volunteer Fire Department shall be allocated in equal shares to all volunteer fire departments in Union County."

**SECTION 36.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 22.5A.** Of the funds appropriated in this act to the Department of Revenue, the sum of nineteen thousand seven hundred dollars (\$19,700) for the 2005-2006 fiscal year and the sum of forty-three thousand dollars (\$43,000) for the 2006-2007 fiscal year shall be used to pay the increased salaries of Property Tax Commission members."

**SECTION 37.** Section 22.6 of S.L. 2005-276 is repealed.

**SECTION 38.** Section 28.16 of S.L. 2005-276 is amended by adding a new subsection to read:

**"SECTION 28.16(b).** All funds appropriated by this act to the visitor center located on Staton Road in Transylvania County, including those funds designated as operating

funds pursuant to G.S. 20-79.7(c)(2)j, may be used for capital improvements during the 2005-2007 fiscal biennium."

**SECTION 39.** Section 29.3 of S.L. 2005-276 reads as rewritten:

**"SECTION 29.3.** The annual salaries, payable monthly, for the 2005-2006 and 2006-2007 fiscal years for the following executive branch officials are:

| <u>Executive Branch Officials</u>                                  | <u>Annual Salary</u> |
|--|----------------------|
| Chairman, Alcoholic Beverage Control Commission                    | \$97,175             |
| State Controller   | 135,997              |
| Commissioner of Motor Vehicles                                     | 97,175               |
| Commissioner of Banks  | 109,279              |
| Chairman, Employment Security Commission                           | 133,161              |
| State Personnel Director   | 106,765              |
| Chairman, Parole Commission  | 88,733               |
| <u>Members of the Parole Commission (effective 7/1/05-8/31/05)</u> | <u>81,921</u>        |
| Members of the Parole Commission (effective 9/1/05)                | 40,960               |
| Chairman, Utilities Commission                                     | 121,701              |
| Members of the Utilities Commission                                | 109,279              |
| Executive Director, Agency for Public Telecommunications           | 81,921               |
| Director, Museum of Art  | 99,573               |
| Executive Director, North Carolina Agricultural Finance Authority  | 94,587               |
| State Chief Information Officer                                    | 135,915"             |

**SECTION 40.** G.S. 120-37(c), as amended by Section 19B.1 and Section 29.8 of S.L. 2005-276, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ninety-two thousand three hundred twenty-four dollars (\$92,324) payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives ~~and~~ or the President Pro Tempore of the ~~Senate~~ Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

**SECTION 41.** Section 29.20.(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 29.20.(a)** Of the revenue generated by implementing a fee for the required review of Form 21 and Form 26 Agreements, the Industrial Commission ~~may~~ shall use up to at least one hundred seventy-one thousand nine hundred dollars (\$171,900) in each year of the 2005-2007 biennium to provide the full salary adjustments authorized by subsection (b) of this section and in-range salary adjustments for Industrial Commission staff."

**SECTION 42.** Subsections (a) through (h) of Section 29.30A of S.L. 2005-276 are repealed.

**SECTION 43.** G.S. 135-3(8)c., as amended by Section 29.28(a) of the S.L. 2005-276, reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount during the 12-month period immediately following the effective date of retirement or in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal

payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars (\$20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least six months and has not been employed in any capacity with a public school for at least six months immediately preceding the effective date of reemployment, shall not include earnings while the beneficiary is employed to teach ~~on a permanent, full-time basis in a permanent full-time or part-time capacity that exceeds fifty percent (50%) of the applicable workweek~~ in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

**SECTION 44.** Section 30.2 of S.L. 2005-276 reads as rewritten:

**"SECTION 30.2.** There is appropriated from the General Fund for the 2005-2006 fiscal year the following amount for capital improvements:

| <b>Capital Improvements – General Fund</b>   | <b>2005-2006</b>                        |
|--|---|
| Department of Commerce – State Ports Authority   |   |
| Ports of Wilmington and Morehead City  | \$ 9,000,000                            |
| Department of Cultural Resources   |   |
| Capitol Area Visitor's Center  | 250,000                                 |
| NC Museum of Art   | 10,000,000                              |
| Department of Environment and Natural Resources  |   |
| Division of Forest Resources – District 9  | 300,000                                 |
| Water Resources Development Projects   | <del>15,260,000</del> <u>18,860,000</u> |
| University of North Carolina System – Board of Governors   |   |
| <del>North Carolina Agricultural and Technical State University –<br/>Visual and Performance Arts Building</del> | <del>25,000</del>                       |
| North Carolina State University – Engineering Complex III  | 8,700,000                               |
| University of North Carolina at Chapel Hill –<br>Renaissance Computing Institute                                 | 500,000                                 |
| University of North Carolina at Chapel Hill –<br>School of Dentistry   | 2,000,000                               |

|   |           |
|---|-----------|
| University of North Carolina at Greensboro<br>and North Carolina Agricultural and<br>Technical State University – Joint Millennium Campus | 2,000,000 |
| University of North Carolina at Wilmington –<br>School of Nursing   | 2,600,000 |
| Winston-Salem State University –<br>Laboratory Facility Planning Funds  | 750,000   |

**TOTAL CAPITAL IMPROVEMENTS –  
GENERAL FUND** **\$51,385,000 54,960,000"**

**SECTION 45.** Section 30.3.(a) of S.L. 2005-276 reads as rewritten:

**"SECTION 30.3.(a)** The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

| <b>Name of Project</b>  | <b>2005-2006</b>                              |
|---|---|
| (1) Wilmington Harbor Deepening   | \$1,300,000                                   |
| (2) Manteo (Shallowbag) Bay Channel Maintenance                                 | 50,000  |
| (3) Wilmington Harbor Maintenance Dredging                                      | 500,000                                       |
| (4) B. Everett Jordan Water Supply Storage                                      | 100,000                                       |
| (5) John H. Kerr Reservoir Operations Evaluation                                | 600,000                                       |
| (6) Bogue Banks Shore Protection Study (Carteret County)                        | 75,000  |
| (7) Surf City/North Topsail Beach Protection Study                              | 250,000                                       |
| (8) West Onslow Beach (Topsail)   | 100,000                                       |
| (9) Wrightsville Beach Nourishment  | 580,000                                       |
| (10) Hurricane Stream Restoration – Western North Carolina                      | 2,000,000                                     |
| (11) Swan Quarter (Hyde County) Flood Control Dikes                             | 100,000                                       |
| (12) Ocracoke NCCAT Estuarine Shoreline Protection                              | 1,500,000                                     |
| (13) Far Creek Maintenance Dredging   | 120,000                                       |
| (14) Belhaven Harbor Environmental Improvements                                 | 250,000                                       |
| (15) Lower Lockwoods Folly River  | 286,000                                       |
| (16) Walters Slough Maintenance Dredging  | 122,000                                       |
| (17) Hurricane Isabel Emergency Stream<br>Cleanup – Northeastern North Carolina | 1,370,000                                     |
| (18) State-Local Projects   | 2,000,000                                     |
| (19) Princeville Flood Control  | 250,000                                       |
| (20) Currituck Sound Water Management Study                                     | 300,000                                       |
| (21) Aquatic Weed Control, Lake Gaston and Statewide                            | 375,000                                       |
| (22) Tar River and Pamlico Sound Feasibility Study                              | 100,000                                       |
| (23) State Sponsored Dredging Contingency                                       | 2,500,000                                     |
| (24) North Carolina Oyster Habitat Restoration                                  | 50,000  |
| (25) Emergency Flood Control Projects   | 187,000                                       |
| (26) Projected Feasibility Studies  | 100,000                                       |
| (27) Planning Assistance to Communities   | 95,000  |
| (28) <u>Neuse Regional Water &amp; Sewer Authority</u>                          | <u>3,600,000</u>                              |
| <b>TOTALS</b>   | <b><u>\$15,260,000</u> <u>18,860,000"</u></b> |

**SECTION 46.** S.L. 2005-276 is amended by adding a new section to read:

**"SECTION 36.2.(a)** G.S. 105-159.1(a) reads as rewritten:

"(a) Every individual whose income tax liability for the taxable year is ~~one dollar (\$1.00)~~ three dollars (\$3.00) or more may designate on his or her income tax return that ~~one dollar (\$1.00)~~ three dollars (\$3.00) of the tax shall be credited to the North Carolina Political Parties Financing Fund for the use of the political party designated by the

taxpayer. In the case of a married couple filing a joint return whose income tax liability for the taxable year is ~~two dollars (\$2.00)~~ six dollars (\$6.00) or more, each spouse may designate on the income tax return that ~~one dollar (\$1.00)~~ three dollars (\$3.00) of the tax shall be credited to the North Carolina Political Parties Financing Fund for the use of the political party designated by the taxpayer. Amounts credited to the Fund shall be allocated among the political parties according to the designation of the taxpayer. Where any taxpayer elects to designate but does not specify a particular political party, those funds shall be distributed among the political parties on a pro rata basis according to their respective party voter registrations as determined by the most recent certification of the State Board of Elections. As used in this section, the term "political party" means one of the following that has at least one percent (1%) of the total number of registered voters in the State:

- (1) A political party that at the last preceding general State election received at least ten percent (10%) of the entire vote cast in the State for Governor or for presidential electors.
- (2) A group of voters who by July 1 of the preceding calendar year, by virtue of a petition as a new political party, had duly qualified as a new political party within the meaning of Chapter 163 of the General Statutes."

**SECTION 36.2.(b)** This section is effective for taxable years beginning on or after January 1, 2006."

**SECTION 47.(a)** G.S. 105-130.47(a), as enacted by Section 39.1 of S.L. 2005-276, is amended by adding a new subdivision to read:

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

..(2a) Live sporting event. – A scheduled sporting competition, game, or race that is not originated by a production company, but originated solely by an amateur, collegiate, or professional organization, institution, or association for live or tape-delayed television or satellite broadcast. A live sporting event shall not include commercial advertising, an episodic television series, a television pilot, music video, motion picture, or documentary production where any sporting events are presented through archived historical footage or similar footage depicting earlier live sporting events that originated more than thirty days before the time of such usage."

**SECTION 47.(b)** G.S. 105-130.47(f), as enacted by Section 39.1 of S.L. 2005-276, reads as rewritten:

"(f) Limitations. – The amount of credit allowed under this section with respect to a production that is a feature film may not exceed seven million five hundred thousand dollars (\$7,500,000). No credit is allowed under this section for any production that satisfies one of the following conditions:

- (1) It is political advertising.
- (2) It is a television production of a news program or live sporting event.
- (3) It contains material that is obscene, as defined in G.S. 14-190.1.
- (4) It is a radio production."

**SECTION 47.(c)** G.S. 105-151.29(a), as enacted by Section 39.1 of S.L. 2005-276, is amended by adding a new subdivision to read:

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

..(2a) Live sporting event. – A scheduled sporting competition, game, or race that is not originated by a production company, but originated solely by an amateur, collegiate, or professional organization, institution, or association for live or tape-delayed television or satellite broadcast. A live sporting event shall not include commercial advertising, an episodic television series, a television pilot, music video, motion

picture, or documentary production where any sporting events are presented through archived historical footage or similar footage depicting earlier live sporting events that originated more than thirty days before the time of such usage."

**SECTION 47.(d)** G.S. 105-151.29(f), as enacted by Section 39.1 of S.L. 2005-276, reads as rewritten:

"(f) Limitations. – The amount of credit allowed under this section with respect to a production that is a feature film may not exceed seven million five hundred thousand dollars (\$7,500,000). No credit is allowed under this section for any production that satisfies one of the following conditions:

- (1) It is political advertising.
- (2) It is a television production of a news program or live sporting event.
- (3) It contains material that is obscene, as defined in G.S. 14-190.1.
- (4) It is a radio production."

**SECTION 47.(e)** This section is effective for taxable years beginning on or after January 1, 2005, and applies to qualifying expenses incurred on or after July 1, 2005.

**SECTION 48.(a)** G.S. 74-24.16(d), as enacted by Section 42.2.(a) of S.L. 2005-276, reads as rewritten:

"(d) The Commissioner may establish fees not to exceed fifty dollars (\$50.00) for each person participating in education and training programs provided by the Department of Labor ~~to increase the number and competence of personnel engaged in the field of occupational safety and health.~~ pursuant to this section."

**SECTION 48.(b)** This section becomes effective September 1, 2005.

**SECTION 49.** Section 43.3.(b) of S.L. 2005-276 reads as rewritten:

**"SECTION 43.3.(b)** This section is effective for taxes imposed for taxable years beginning on or after ~~July 1, 2005.~~ July 1, 2006."

**SECTION 50.** Notwithstanding the provisions of G.S. 143-23, the Director of the Budget may transfer funds appropriated to non-State entities in S.L. 2005-276 between programs and purposes within a department, institution, or other spending agency for purposes of achieving efficient fiscal management. This section shall apply only to appropriations that were set out in the Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets, dated August 8, 2005, but not set out in either the Senate Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets, dated May 3, 2005 or the House Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets, dated June 15, 2005.

**SECTION 50A.** Section 14.14 of S.L. 2005-276 is repealed.

**SECTION 51.** Except as otherwise provided in this act, this act becomes effective July 1, 2005.

In the General Assembly read three times and ratified this the 30<sup>th</sup> day of August, 2005.

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Beverly E. Perdue  
President of the Senate

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James B. Black  
Speaker of the House of Representatives

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Michael F. Easley  
Governor

Approved \_\_\_\_\_m. this \_\_\_\_\_ day of \_\_\_\_\_, 2005