

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015**

**SESSION LAW 2016-123
HOUSE BILL 805**

AN ACT TO PROVIDE FOR MEASURABILITY ASSESSMENTS OF STATE PROGRAMS; TO PROVIDE FOR CERTAIN COUNTY SERVICES ON THE TRUST LANDS OF THE EASTERN BAND OF THE CHEROKEE INDIANS; AND TO MAKE TECHNICAL, CLARIFYING, AND OTHER MODIFICATIONS TO THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 2016.

The General Assembly of North Carolina enacts:

PART I. MEASURABILITY ASSESSMENT

SECTION 1. The North Carolina General Statutes are amended by adding a new Chapter to read:

"Chapter 143E.

"The North Carolina Measurability Assessment Act of 2016.

"§ 143E-1. Title.

This Chapter shall be known and may be cited as the "North Carolina Measurability Assessment Act of 2016."

"§ 143E-2. Request for measurability assessment.

The General Assembly may require a measurability assessment of any proposed or existing State program to determine whether the program is or will be capable of reporting performance and return on investment.

"§ 143E-3. Definition of measurability assessment.

(a) A measurability assessment is an independent evaluation conducted on a new or existing State program.

(b) A measurability assessment must include or determine all of the following:

- (1) Whether and to what degree the program is unique and does not duplicate or negate results of another public or private program or enterprise.
- (2) The local, regional, or statewide problems or needs that the program is intended to address.
- (3) Whether there is a program design portrayed by a logic model as defined by the Logic Model Development Guide by the W.K. Kellogg Foundation, including an evaluation of that logic model.
- (4) Whether there is evidence that the program produces results attributable to the program to remedy the problem or need. The information required by this subdivision shall include the following, as applicable:
 - a. For a proposed program, whether the evidence stems from a formative evaluation of proposed activities through a field trial using a valid and reliable instrument or method to measure changes in a randomized control group that was not subjected to the proposed activities to changes in a randomized group that did receive the proposed activities.
 - b. For an existing program asserting existence of evidence, whether the evidence stemmed from a post-program summative evaluation using an experimental or quasi-experimental research design.
 - c. For both proposed and existing programs, if the evidence had been subjected to alternative interpretations and peer review.
- (5) The capacity of the administering entity to expand the program based upon existing evidence or results.
- (6) How the program proposes to engage in strategic planning.



- (7) How the program proposes to measure performance, including measurement of the following:
 - a. Total costs of program services with costs separately reported for each activity associated with each service.
 - b. Outputs or counts of units of services and for individual activities associated with each service.
 - c. Costs per unit of service and for individual activities associated with each service.
 - d. Outcomes or results attributable to each program service, including results upon completion of program service; results still evident one, two, and three years after completion; ultimate or permanent results; and when and how permanent results will be determined by the program.
 - e. Customer or client satisfaction with program services.
 - f. Statewide impacts of program outcomes as evidenced by census data or other statewide data.
 - g. Performance compared to standards and what standards the program intends to use.
- (8) How the program will continuously improve quality of program services and consistency with the strategic plan.
- (9) Whether the administering entity has conducted an assessment to identify financial and legal risks to the entity or the State and has plans for minimizing risk exposure.
- (10) Whether the program conducts five-year forecasts of annual recurring costs and sources of funding for each year.
- (11) Whether the program proposes to share costs with primary beneficiaries through a fee-for-service, co-payment, or tuition basis and the extent to which any expected cost-sharing is or will be means-tested and by what method.
- (12) How program staffing requirements are determined and an evaluation of those requirements.
- (13) Whether the program has or proposes to have a financial accounting system capable of accounting for all assets, liabilities, receipts, and disbursements.
- (14) Whether the program is or will be post-audited and if there are any potential impediments to audits or evaluations by the State Auditor, agency internal auditors, or the Program Evaluation Division of the General Assembly.

(c) The assessor must submit a written report containing the results of the measurability assessment to the Program Evaluation Division at a time and in a format required by the Program Evaluation Division.

"§ 143E-4. Administration of measurability assessment process.

(a) The Program Evaluation Division must use a competitive process to prequalify independent measurability assessors. The assessors will be independent contractors compensated through a uniform fee system established by the Program Evaluation Division, and there will be no guarantee that any prequalified assessor will receive assessment assignments. The Program Evaluation Division shall not assign an assessor to a measurability assessment if the assessor has been employed by or contracted with the entity within five years preceding the assessment.

(b) The Program Evaluation Division shall establish standards for assessor qualifications, independence, and conducting and reporting measurability assessments. Individuals who do not meet the qualifications may not be used to conduct measurability assessments.

(c) Whenever a measurability assessment is required, the Program Evaluation Division shall select the assessor and require the agency or institution to reimburse the Program Evaluation Division for the assessor's costs and for a share of the Program Evaluation Division's costs for administering the measurability assessment program."

PART II. GENERAL PROVISIONS

SECTION 2.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 2.1 of that act reads as rewritten:

"SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, are adjusted for the fiscal year ending June 30, 2017, according to the schedule that follows. Amounts set out in parentheses are reductions from General Fund appropriations for the 2016-2017 fiscal year:

Current Operations – General Fund

FY 2016-2017

EDUCATION

...

University of North Carolina – Board of Governors

...		
Elizabeth City State University		250,000
...		
UNC School of the Arts		630,000
...		
General Administration		1,250,000
University Institutional Programs	118,285,194	<u>117,285,194</u>
...		
NC School of Science & Math		<u>630,000</u>

AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

...

Department of Commerce

Commerce		20,320,848 <u>20,255,411</u>
Commerce State-Aid		<u>650,000</u>

Department of Natural and Cultural Resources

Natural and Cultural Resources		14,718,687 <u>14,784,124</u>
Roanoke Island Commission		<u>0</u>

...

GENERAL GOVERNMENT

Department of Administration

~~5,405,307~~5,344,028

...

General Assembly

~~7,806,816~~7,868,095

...."

SECTION 2.2. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 143C-5-4(b)(8), as enacted by Section 6.3 of that act, reads as rewritten:

"(8) Statutory transfers to reserves. – Notwithstanding G.S. 143C-4-2 and G.S. 143C-4-3, funds shall not be reserved to the Savings Reserve Account or the Repairs and Renovations Reserve Account and the State Controller shall not transfer funds from the unreserved credit fund balance to ~~the~~ those accounts on June 30 of the prior fiscal year."

SECTION 2.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 6.25(a)(1) of S.L. 2015-241, as amended by Section 6.4 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"(1) Abolish all positions that have been vacant for more than 12 months as of April 17, 2015, and as of ~~April 17, 2016,~~April 30, 2016, other than those positions required to exist as part of the State's maintenance of effort requirements related to a federal grant that cannot be addressed with other State funds, or for which the Director of the Budget provides an exception,

in the Director's sole discretion. This requirement shall apply regardless of the source of funding for affected positions."

SECTION 2.4.(a) G.S. 1E-2 reads as rewritten:

"§ 1E-2. County services.

A county is not compelled to provide services on lands held in trust by the United States for the Eastern Band of Cherokee ~~Indians~~ Indians, except for public health or human services traditionally provided by county agencies and not otherwise assumed by the Eastern Band of Cherokee Indians, unless there is an agreement between the Eastern Band of Cherokee Indians and the county describing each party's responsibilities and any compensation for services provided. ~~responsibilities.~~ The agreement must be approved by the Tribal Council of the Eastern Band of Cherokee Indians and signed by the Principal Chief of the Eastern Band of Cherokee Indians on behalf of the Eastern Band of Cherokee Indians and must be signed by the ~~chair of the board of county commissioners on behalf of the county.~~ county manager or delegated department head. The agreement may be effective for a definite period of time or an indefinite period of time, as specified in the agreement."

SECTION 2.4.(b) This section becomes effective August 1, 2016.

PART III. INFORMATION TECHNOLOGY

SECTION 3.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 7.7(a) of that act reads as rewritten:

"SECTION 7.7.(a) The Department of Information Technology shall create a cybersecurity apprenticeship program to provide training, apprenticeships, and career-based opportunities for disabled veterans within the State. Opportunities may be offered to qualifying veterans who have at least a ten percent (10%) disability rating as established by the United States Department of Veterans Administration Affairs."

SECTION 3.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, a total of four FTE vacant positions are eliminated within the Department of Information Technology IT Fund, and the operating expenses in the Strategic Staffing and Projects area within the Department of Information Technology are reduced by one hundred eleven thousand two hundred sixty dollars (\$111,260) in recurring funds.

SECTION 3.2.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, a total of three and one-half FTE vacant positions are eliminated within the Department of Information Technology IT Reserve, and the operating expenses in the IT Restructuring Fund within the Department of Information Technology are reduced by one hundred twenty-six thousand seven hundred eighty-three dollars (\$126,783) in recurring funds.

PART IV. EDUCATION

SECTION 4.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 10.8 of that act reads as rewritten:

"CERTAIN COMMUNITY COLLEGE PROJECT FUNDS

"SECTION 10.8. The funds appropriated to the North Carolina Community Colleges System Office by this act for the 2016-2017 fiscal year for (i) the Center for Advanced Manufacturing at Gaston ~~Community~~ College and (ii) Mitchell Community College site development shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 4.1.(b) Notwithstanding any other provision of law, if House Bill 1030, 2015 Regular Session, becomes law, the sum of three million four hundred thousand dollars (\$3,400,000) appropriated by that act to the North Carolina Community Colleges System Office for the 2016-2017 fiscal year to be allocated to the Gaston Community College Center for Advanced Manufacturing shall be allocated to the Gaston College Center for Advanced Manufacturing.

SECTION 4.2. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for marketing the NC Promise Tuition "Buy Down" Program at Elizabeth City State University shall be allocated to Budget Code 16010 rather than Budget Code 16086.

SECTION 4.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 11.9 of S.L. 2015-241, as amended by Section 11A.4 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"SECTION 11.9.(a) Purpose. – The purpose of this section is to establish a competitive grant program for eligible entities to elevate educators in North Carolina public schools by transforming the preparation of principals across the State. The State Education Assistance Authority (Authority) shall administer this grant program through a cooperative agreement with a private, nonprofit corporation to provide funds for the preparation and support of highly effective future school principals in North Carolina.

"SECTION 11.9.(j) Reporting Requirements for Grant Recipients. – Recipients of grants under the program shall submit an annual report to the nonprofit corporation contracting with the Authority, beginning in the third year of the grant, with any information requested by the nonprofit corporation. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publically available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The nonprofit corporation shall work with recipients and local school administrative units, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (4) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

"SECTION 11.9.(l) Evaluation and Revision of Program. – The nonprofit corporation administering the program shall provide the State Board of Education and the Joint Legislative Education Oversight Committee with the data collected in accordance with subsection (j) of this section on an annual basis. By September 15, 2021, the State Board of Education, in coordination with the Board of Governors of The University of North Carolina, shall revise, as necessary, the licensure requirements for school administrators and the standards for approval of school administrator preparation programs after evaluating the data collected from the grant recipients, including the criteria used in selecting grant recipients and the outcomes of program completers. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by November 15, 2021, on any changes made to the licensure requirements for school administrators and the standards for approval of school administrator preparation programs in accordance with this section.

"SECTION 11.9.(m) ~~Of the funds appropriated each by this act for the 2015-2016 fiscal year for this program, the sum of five hundred thousand dollars (\$500,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program. The State Education Assistance Authority may use up to five percent (5%) of those funds each fiscal year for administrative costs.~~

"SECTION 11.9.(n) ~~Beginning with the 2016-2017 fiscal year, of the funds appropriated for this program, the sum of five hundred thousand dollars (\$500,000) shall be allocated each fiscal year to the State Education Assistance Authority to award grants to selected recipients.~~ Beginning with the 2016-2017 fiscal year and for each subsequent fiscal year, of the funds appropriated for this program, the sum of three hundred thousand dollars (\$300,000) shall be allocated to the State Education Assistance Authority to contract with the nonprofit corporation selected pursuant to subsection (e) of this section to establish and administer the program, and the State Education Assistance Authority may use up to five percent (5%) of those funds for administrative costs. The remaining funds appropriated for a fiscal year for this program shall be allocated to the State Education Assistance Authority to award grants to selected recipients."

SECTION 4.4. If House Bill 1030, 2015 Regular Session, becomes law, then Section 10.14(c) of S.L. 2015-241, as amended by Section 10.2 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"SECTION 10.14.(c) The funds appropriated under this act to the Community Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC Works Career Coach Program shall ~~only~~ be used for ~~(i) salary and benefits for career coaches~~ ~~coaches.~~ ~~and (ii) up~~ Up to two percent (2%) of the funds appropriated for the program may also be used for direct operating costs related to supporting NC Works Career Coaches."

SECTION 4.5. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 116-239.11(a)(1), as enacted by Section 11.6 of that act, reads as rewritten:

"(1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the school is located for each child attending the lab school, except for the allocation for children with ~~disabilities and~~ disabilities, for the allocation for children with limited English ~~proficiency~~ proficiency, and for the allocation for transportation services."

PART V. HEALTH AND HUMAN SERVICES

SECTION 5.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12A.8(c) of that act reads as rewritten:

"SECTION 12A.8.(c) Calculation of Initial Payment of Funds. – Following CMS approval of the reclassification of Cape Fear Valley Medical Center to a rural ~~hospital and notwithstanding subsection (a) of this section,~~ hospital, the Center shall provide documentation to OSBM of its actual lost Medicare payments for the period commencing from the application filing date, as defined in 42 C.F.R. 412.103(b)(5), and ending on the date CMS approves the Center's reclassification request. OSBM shall certify computations of the Center's actual lost Medicare payments and apply the calculations specified in subsection (a) of this section to determine any retroactive amounts due to Cape Fear Valley Medical Center under this section. Any retroactive payment determined to be due to Cape Fear Valley Medical Center shall be paid to the Center within 30 days after OSBM certifies the amount of any retroactive amounts due to the Center under this section."

SECTION 5.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 12H.18 of that act reads as rewritten:

"CRITICAL MEDICAID POSITIONS

"SECTION 12H.18. Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, the sum of one million one hundred fifty thousand dollars (\$1,150,000) shall be ~~transferred to the Division of Health Benefits to be used to fund critical positions in that Division.~~

SECTION 5.2.(b) Notwithstanding any other provision of law, if House Bill 1030, 2015 Regular Session, becomes law, the sum of one million one hundred fifty thousand dollars (\$1,150,000) appropriated by that act to the Department of Health and Human Services, Division of Medical Assistance, for the 2016-2017 fiscal year to be transferred to the Division of Health Benefits shall not be transferred to the Division of Health Benefits but shall be used to fund critical positions in the Division of Medical Assistance.

SECTION 5.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12C.7(e) of that act reads as rewritten:

"SECTION 12C.7.(e) By no later than April 1, 2017, the ~~DSS~~ Department of Health and Human Services shall submit to the House Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division a detailed plan for a long-term solution on how to ensure adequate reimbursement to facilities for serving recipients of State-County Special Assistance without increasing the Medicaid eligibility income limit for State-County Special Assistance recipients and thereby expanding Medicaid."

SECTION 5.4. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12B.4(a) of that act reads as rewritten:

"SECTION 12B.4.(a) As the objective of the NC Pre-K program is to provide high-quality educational experiences to enhance school readiness for eligible four-year-olds, the Department of Health and Human Services, Division of Child Development and Early Education, in

consultation with the Department of Public Instruction, shall study the costs and effectiveness associated with funding slots for the NC Pre-K program. In conducting the study, the Division shall review and determine the following:

- (1) The total cost to fund a NC Pre-K slot, including administration and any local costs.
- (2) The program's anticipated effectiveness in preparing eligible four-year-olds in the five developmental domains outlined in the North Carolina Foundations for Early Learning and Development.
- (3) Whether the program's effectiveness as reviewed pursuant to subdivision (2) of this subsection justifies the costs associated with funding NC Pre-K slots or whether there are other alternatives to achieve the same objectives.
- (4) The State share needed to fund a NC Pre-K slot by each setting, including public schools, child care facilities, and Head Start.
- (5) The amount of funds needed to maintain the current number of NC Pre-K slots if the per slot cost was increased to the amount recommended by the study.
- (6) Recommendations on how often the NC Pre-K slot costs should be evaluated and reported to the General Assembly.
- (7) Any other relevant issues the Division deems appropriate."

SECTION 5.5. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12H.3A(a) of that act reads as rewritten:

"SECTION 12H.3A.(a) No later than ~~October 1, 2016~~, December 31, 2016, the Department of Health and Human Services, Division of Medical Assistance, shall issue a request for proposals (RFP) to recover Medicaid and NC Health Choice overpayments to providers when the total amount owed to the State by the provider is less than one hundred fifty dollars (\$150.00). The RFP shall specify that payment under the contract shall be made only in the form of a contingent fee. The contingent fee shall be set at a percentage of the State share of the final overpayment, as defined in G.S. 108C-2(5), that is recovered."

SECTION 5.6. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of that act, nonrecurring funds in the amount of fifty thousand dollars (\$50,000) for the 2016-2017 fiscal year shall be appropriated to Fund Code 1161 for the Public Health Authority of Cabarrus County instead of the Public Health Alliance of Cabarrus County.

SECTION 5.7. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12G.4(b) of that act reads as rewritten:

"SECTION 12G.4.(b) Notwithstanding subsection (a) of this section or any other provision of law to the contrary, each party to a cooperative agreement for which a certificate of public advantage was issued prior to September 30, 2016, shall submit a final report to the Department of Health and Human Services and the Attorney General on its activities pursuant to the cooperative agreement ~~through September 30, 2017~~, by December 30, 2017. The final report shall include at least all of the following:

- (1) A description of the activities conducted pursuant to the agreement.
- (2) Price and cost information.
- (3) The nature and scope of its activities pursuant to the agreement through ~~September 30, 2017~~, the date the agreement expires and the likely effect of those activities.
- (4) A summary of activities and any market impact from the date the agreement expires through September 30, 2017.
- (5) Any additional information requested by the Department or the Attorney General."

SECTION 5.8. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 143B-139.6A reads as rewritten:

"§ 143B-139.6A. Secretary's responsibilities regarding availability of early intervention services.

The Secretary of the Department of Health and Human Services shall ensure, in cooperation with other appropriate agencies, that all types of early intervention services specified in the "Individuals with Disabilities Education Act" (IDEA), P.L. 102-119, the federal early intervention legislation, are available to all eligible infants and toddlers and their families to the extent funded by the General Assembly.

The Secretary shall coordinate and facilitate the development and administration of the early intervention system for eligible infants and toddlers and shall assign among the cooperating agencies the responsibility, including financial responsibility, for services. The Secretary shall be advised by the Interagency Coordinating Council for Children from Birth to Five with Disabilities and Their Families, established by G.S. 143B-179.5, and may enter into formal interagency agreements to establish the collaborative relationships with the Department of Public Instruction, other appropriate agencies, and other public and private service providers necessary to administer the system and deliver the services.

As part of the permission to refer parents to services under the early intervention system for eligible infants and toddlers, the Secretary shall include the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf as agencies included on any permission to refer release form provided to parents for contact regarding services.

The Secretary shall adopt rules to implement the early intervention system, in consultation with all other appropriate agencies."

SECTION 5.9. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12A.8(b) of S.L. 2015-241, as amended by Section 12A.5 of House Bill 1030, 2015 Regular Session, reads as rewritten:

"**SECTION 12A.8.(b)** The Department shall continue administering a competitive grants process for nonprofit funding. The Department shall administer a plan that, at a minimum, includes each of the following:

...
(4) A process that awards grants to nonprofits that have the capacity to provide services on a statewide basis and that support any of the following State health and wellness initiatives:

...
n. ~~A~~Effective beginning the 2017-2018 fiscal year, a program that provides year-round sports training and athletic competition for children and adults with disabilities.

...."

SECTION 5.10. If House Bill 1030, 2015 Regular Session, becomes law, then Section 12E.2(g) of that act is repealed.

PART VI. AGRICULTURE AND NATURAL AND ECONOMIC RESOURCES

SECTION 6.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 13-202.1(f), as enacted by Section 14.11(b) of that act, reads as rewritten:

"(f) Amendments of shellfish cultivation leases to authorize use of the water column may be transferred only with ~~a~~the superincumbent bottom lease for the remainder of the term of the amendment at the same rental rate and term as set forth in subsection (d) of this section and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k)."

SECTION 6.1.(b) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 13-202.2(f), as enacted by Section 14.11(c) of that act, reads as rewritten:

"(f) Water column leases to perpetual franchises may be transferred only with ~~a~~the superincumbent perpetual franchise for the remainder of the term of the lease at the same rental rate and term as set forth in subsection (d) of this section and so long as notice of the transfer is provided to the Secretary as required by G.S. 113-202(k)."

SECTION 6.2.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the revised net appropriation for all programs in the Rural Economic Development Division for the 2016-2017 fiscal year shall be twenty-three million eight hundred fifty-seven thousand nine hundred seventy-three dollars (\$23,857,973).

SECTION 6.2.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the three hundred thirty-six thousand dollars (\$336,000) in recurring funds for Community Planners for Prosperity Zones for the 2016-2017 fiscal year shall be allocated to Fund Code 1620 instead of Fund Code 1534.

SECTION 6.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 13.4(a) of that act reads as rewritten:

"SECTION 13.4.(a) Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred fifty thousand dollars (\$250,000) for the 2016-2017 fiscal year shall be used to create a program to reimburse small food retailers for expenditures related to enhancing access to healthy foods in areas that qualify as food desert zones according to the Economic Research Service of the United States Department of Agriculture. For the purposes of this section, a small food retailer is defined as a business that is a small retail outlet, including corner stores, convenience stores, cooperatives, and bodegas, of no more than 3,000 heated square feet that sells a limited selection of foods and other products. Funds may be used to reimburse small food retailers for the purchase and installation of refrigeration equipment, display shelving, and other equipment necessary for stocking nutrient-dense foods, including fresh vegetables and fruits, whole grains, nuts, seeds, beans and legumes, low-fat dairy products, lean meats, and seafood. The Department may retain up to ten percent (10%) of the funds allocated pursuant to this section for administrative costs associated with the healthy food small retailer program."

SECTION 6.4. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, funds appropriated to the Department of Natural and Cultural Resources for advanced planning of a new visitor center at Fort Fisher State Park shall be transferred to a Capital Code by the Department.

SECTION 6.5.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the Department of Commerce for the purpose of contracting with the Economic Development Partnership of North Carolina are reduced by an additional sixty-five thousand four hundred thirty-seven dollars (\$65,437) in recurring funds for the 2016-2017 fiscal year. The revised net appropriation for the Department of Commerce shall be twenty million two hundred fifty-five thousand four hundred eleven dollars (\$20,255,411).

SECTION 6.5.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the funds appropriated in that act to the Department of Natural and Cultural Resources are increased by sixty-five thousand four hundred thirty-seven dollars (\$65,437) in recurring funds for the 2016-2017 fiscal year to be used to support a distance learning coordinator position at the North Carolina Museum of History. The revised net appropriation for the Department of Natural and Cultural Resources shall be fourteen million seven hundred eighty-four thousand one hundred twenty-four dollars (\$14,784,124).

SECTION 6.6. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act to the contrary, the seventy-five thousand dollars (\$75,000) in nonrecurring funding to supplement the Forest Development Fund shall be allocated to Fund Code 1990 instead of Fund Code 1510.

PART VII. JUSTICE AND PUBLIC SAFETY

SECTION 7.1. If House Bill 1030, 2015 Regular Session, becomes law, then of the funds appropriated in that act to the Office of Indigent Defense Services for the 2016-2017 fiscal year for private assigned counsel, the sum of one hundred thousand dollars (\$100,000) shall be allocated to the North Carolina State Bar for use by Pisgah Legal Services.

SECTION 7.2. If House Bill 1030, 2015 Regular Session, becomes law, the Department of Public Safety shall not eliminate position number 60070228. The Department shall instead identify another vacant position at the same salary level to eliminate in Fund Code 1100-Division of Administration.

SECTION 7.3. If House Bill 1030, 2015 Regular Session, becomes law, then Section 8.26(n) of S.L. 2015-241 reads as rewritten:

"SECTION 8.26.(n) By ~~July 1, 2016~~, July 1, 2018, the Department of Public Safety shall implement an anonymous safety tip line application and a statewide panic alarm system as required under G.S. 115C-105.51, as amended by subsection (d) of this section."

SECTION 7.4. If House Bill 1030, 2015 Regular Session, becomes law, then the funds appropriated in that act to the Department of Public Safety for renovation of the National Guard Tarheel Challenge Academy gym on the Salemburg campus shall be transferred to a capital code and used for the construction of a new multipurpose facility.

PART VIII. GENERAL GOVERNMENT

SECTION 8.1. If House Bill 1030, 2015 Regular Session, becomes law, then of the funds appropriated in that act to the State Emergency Response and Disaster Relief Fund (Budget Code 19930), the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2016-2017 fiscal year shall be transferred to the Governor's Office (Account Code 13000) to be used to fund costs incurred from litigation related to S.L. 2016-3.

SECTION 8.2. If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any provision of that act or of the Committee Report described in Section 39.2 of that act to the contrary, funds appropriated in that act for the Community Living Housing Fund are appropriated from Budget Code 63011 rather than Budget Code 13010.

SECTION 8.3.(a) If House Bill 1030, 2015 Regular Session, becomes law, then Section 32.5(j) of that act reads as rewritten:

"SECTION 32.5.(j) The responsibilities for the North Carolina Youth Legislative Assembly are transferred from the Department of Administration to the North Carolina General Assembly's Legislative Services Commission. ~~The following position is transferred to Budget Code 11000: Administrative Officer II, Position Number 60014065. All budget salary and benefits in the amount of sixty one thousand two hundred seventy nine dollars (\$61,279) are transferred in a Type II transfer from the Department of Administration to the General Assembly.~~ Additionally, the budget associated with operations for the Youth Legislative Assembly and the North Carolina Youth Legislative Assembly Fund, enacted by subsection (k) of this section, are transferred as a Type II transfer from the Department of Administration to the General Assembly. The Administrative Officer II position will report directly to the Legislative Services Officer. The Youth Legislative Assembly will work collaboratively with existing resources within the General Assembly, including the Senate and House Page programs, to execute activities of the Youth Legislative Assembly."

SECTION 8.3.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, effective July 1, 2016, Administrative Officer II, Position Number 60014065, and budgeted benefits are transferred from the Department of Administration to the General Assembly.

SECTION 8.4.(a) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, funds in Budget Code 23900 in the 2016-2017 fiscal year, shall be used to continue the transfer of a portion of vehicle inspection fee proceeds from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to local rescue organizations. The revised net appropriation for the Volunteer Rescue/EMS Program is one million four hundred fifty-six thousand nine hundred thirty-one dollars (\$1,456,931).

SECTION 8.4.(b) If House Bill 1030, 2015 Regular Session, becomes law, then, notwithstanding any other provision of law, funds in Budget Code 23901 in the 2016-2017 fiscal year, shall be used to restore the recurring transfer of a portion of vehicle inspection fee proceeds from the Department of Transportation, Division of Motor Vehicles to continue support of the State's grant program that provides funding to eligible beneficiaries. The revised net appropriation for the Rescue Squad Workers' Relief Fund is nine hundred fifty-seven thousand three hundred fifty-two dollars (\$957,352).

PART IX. SALARIES AND BENEFITS

SECTION 9.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 36.10 of that act is amended by adding the following new subsections to read:

"SECTION 36.10.(e) Of the funds appropriated to the Community Colleges System Office in this act for restoring the management flexibility reduction up to six million fifty-one thousand seven hundred twenty-two dollars (\$6,051,722) may be used for the restoration of management flexibility cuts, compensation increases, or both.

"SECTION 36.10.(f) It is the intent of the General Assembly to provide additional recurring funds during the 2017-2018 fiscal year to the Community Colleges System Office for compensation increases."

PART X. CAPITAL

SECTION 10.1.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 142-15.17, as enacted by Section 37.8(a) of that act, reads as rewritten:

"§ 142-15.17. No State-supported financing of certain assets without approval of the General Assembly.

No State entity shall enter into any State-supported financing arrangement with respect to the acquisition of a capital asset having a value of five million dollars (\$5,000,000) or more, unless the General Assembly has enacted legislation expressly approving (i) the acquisition, project, or undertaking to be financed and (ii) the use of the State-supported financing arrangement. The legislation required by this section may be in the form of either an act that refers to the specific asset or project and the manner of financing or an act that identifies a type of asset or project and a maximum amount that may be financed or incurred for that type of asset or project. Examples of references to a specific asset or project include guaranteed energy savings contracts or energy ~~conservations~~ conservation measures of a type described in Article 3B of Chapter 143 of the General Statutes or repairs and renovations of State-owned buildings."

SECTION 10.1.(b) This section is effective when it becomes law.

SECTION 10.2.(a) Notwithstanding any other provision of law, the Department of Administration may lease to a third party the roughly 1.7 acre Personnel Training Center property located on Peace Street in Wake County.

SECTION 10.2.(b) A lease made pursuant to subsection (a) of this section shall be in accordance with the following:

- (1) The lease term may exceed 30 years but shall not exceed 99 years.
- (2) The lease shall be for fair market value.
- (3) The lease shall include a lease of up to 200 of the parking spaces in Deck 64 in Wake County.
- (4) Except as provided in this section, the lease shall in all other respects accord with Article 7 of Chapter 146 of the General Statutes.

SECTION 10.2.(c) Exemptions from Certain Statutes. – The following statutes shall not apply to the lease authorized by this section:

- (1) G.S. 66-58.
- (2) G.S. 146-29(b), as enacted by Section 37.7 of House Bill 1030, 2015 Regular Session, if that bill becomes law.

PART XI. FINANCE

SECTION 11.1. If House Bill 1030, 2015 Regular Session, becomes law, then Section 38.2(f) of that act reads as rewritten:

"**SECTION 38.2.(f)** Subsection (a) of this section is effective when it becomes law and applies retroactively to purchases made on or after July 1, 2013. Subsections (b) and (c) of this section ~~becomes~~ become effective July 1, 2016, and apply to ~~sales~~ purchases made on or after that date. The remainder of this section is effective when it becomes law."

SECTION 11.2. If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(d)(2), as enacted by Section 38.5(g) of that act, reads as rewritten:

- "(2) If the price of the taxable repair, maintenance, and installation services included in the contract is equal to or greater than ten percent (10%) of the contract price, then sales and use tax applies to the taxable repair, maintenance, and installation services portion of the contract. The person must determine an allocated price for each taxable repair, maintenance, and installation service in the contract based on a reasonable allocation of revenue that is supported by the person's business records kept in the ordinary course of business. Any purchase of tangible personal property, digital property, or services to fulfill the real property contract are ~~taxes~~ taxed in accordance with this section."

SECTION 11.3.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-187.51B(a)(6) and (7), as enacted by Section 38.2(b) of that act, read as rewritten:

- "(6) A person other than a person subject to tax under subdivision (1) of this subsection that gathers and obtains ferrous metals, nonferrous metals, and items that have served their original economic purpose and that converts them by processes, including sorting, cutting, classifying, cleaning, baling, wrapping, shredding, or shearing into a new or different product for sale consisting of prepared grades ~~for the purchase of that~~ purchases equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:
 - a. Is capitalized by the person for tax purposes under the Code.

- b. Is used by the person in a conversion process described in this subdivision.
 - c. Is not a motor vehicle or an attachment or repair part for a motor vehicle.
- (7) A company primarily engaged at the establishment in processing tangible personal property for the purpose of extracting precious metals, as defined in G.S. 66-406, to determine the value for potential purchase ~~for the purchase of that purchases~~ equipment, or an attachment or repair part for the equipment, that meets all of the following requirements:
- a. Is capitalized by the company for tax purposes under the Code.
 - b. Is used by the company in the process described in this subdivision."

SECTION 11.3.(b) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(e)(1)f., as enacted by Section 38.5(g) of that act, reads as rewritten:

- "f. Replacement or installation of a roofing, septic tank, plumbing, electrical, commercial refrigeration, irrigation, ~~sprinkler system, sprinkler,~~ or other similar ~~systems.~~ system."

SECTION 11.3.(c) Subsection (a) of this section becomes effective July 1, 2016, and applies to purchases made on or after that date. Subsection (b) of this section becomes effective January 1, 2017, and applies to sales made on or after that date. The remainder of this section is effective when it becomes law.

SECTION 11.4.(a) If House Bill 1030, 2015 Regular Session, becomes law, then G.S. 105-164.4H(e)(1)d., as enacted by Section 38.5(g) of that act, reads as rewritten:

- "d. Installation of equipment or fixture that is attached to real property so that removal of the item would cause physical, functional, or economic damage to the property and that is capitalized ~~for income tax purposes~~ under one or more of the following: the Code, Generally Accepted Accounting Principles, or International Financial Reporting Standards."

SECTION 11.4.(b) This section becomes effective January 1, 2017.

SECTION 11.5. If House Bill 1030, 2015 Regular Session, becomes law, then the introductory language of Section 38.5(g) of that act reads as rewritten:

"**SECTION 38.5.(g)** G.S. 105-164.4H, as amended by S.L. 2016-5 and by ~~Section 1 of this act,~~ subsection (c) of this section, reads as rewritten:"

PART XI-A. TRANSPORTATION

SECTION 11A.1. Notwithstanding G.S. 136-27.1 and any other provision of law to the contrary, the Department of Transportation shall pay seventy-five percent (75%) of the nonbetterment costs for the relocation under Project U-2211B of water and sewer lines owned by the City of Lenoir. Notwithstanding any provision of Article 14B of Chapter 136 of the General Statutes to the contrary, the Department shall pay the costs required under this section from Fund Code 9075 in the Highway Trust Fund.

PART XII. EFFECTIVE DATE

SECTION 12.1. Section 1 of this act becomes effective October 1, 2016. Except as otherwise provided, the remainder of this act becomes effective July 1, 2016.

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

s/ Tom Apodaca
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 1st day of July, 2016 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 1st day of August, 2016.

s/ Karen Jenkins
Enrolling Clerk