

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1323

Short Title: Repub. Caucus '93 Budget.

(Public)

Sponsors: Representative Balmer.

Referred to: Finance.

May 10, 1993

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR REVENUE FAIRNESS, TO MAKE BASE BUDGET
3 AND EXPANSION BUDGET APPROPRIATIONS FROM THE GENERAL
4 FUND FOR CURRENT OPERATIONS OF STATE DEPARTMENTS,
5 INSTITUTIONS AND AGENCIES, AND TO EFFECT OTHER CHANGES TO
6 THE OPERATION OF STATE GOVERNMENT.

7 The General Assembly of North Carolina enacts:

8

9 **INTRODUCTION**

10 Section 1. The appropriations made in this act are for maximum amounts
11 necessary to provide the services and accomplish the purposes described in the budget.
12 Savings shall be effected where the total amounts appropriated are not requires to
13 perform these services and accomplish these purposes, and except as allowed by the
14 Executive Budget Act, or this act, the savings shall revert to the appropriate funds at the
15 end of each fiscal year.

16

17 **TITLE OF ACT**

18 Sec. 2. This act shall be known as "The Revenue Fairness and
19 Appropriations Act of 1993". This act contains revenue fairness provisions, base and
20 expansion budget appropriations for current operations of State government, and
21 provisions that effect other changes to State government.

22

23

TITLE I - REVENUE FAIRNESS

24

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 2 **PART 1. PHASE OUT FOOD TAX**
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6
 7 **PART 1. PHASE OUT FOOD TAX**
 8

9 Sec. 3. Effective July 1, 1993, G.S. 105-164.4(a) is amended by adding a
 10 new subdivision to read:

11 "(1e) The following rates apply to the sales price of food that would be
 12 exempt from the tax imposed by this Article if it were purchased with
 13 coupons issued under the Food Stamp Program, 7 U.S.C. § 51:

<u>Effective Dates</u>	<u>Rate</u>
<u>July 1, 1993, through June 30, 1994 – three percent (3%)</u>	
<u>July 1, 1994, through June 30, 1995 – two percent (2%)</u>	
<u>July 1, 1995, through June 30, 1996 – one percent (1%)."</u>	

18 (b) Effective July 1, 1996, G.S. 105-164.4(a)(1e), as enacted by this section, is
 19 repealed.

20 Sec. 4. Effective July 1, 1996, Article 5 of Chapter 105 of the General
 21 Statutes is amended by adding a new section to read:

22 "**§ 105-164.13B. Food exempt from State tax only.**

23 The taxes imposed by this Article do not apply to food that is not otherwise exempt
 24 pursuant to G.S. 105-164.13 but would be exempt pursuant to G.S. 105-164.13 if it were
 25 purchased with coupons issued under the Food Stamp Program, 7 U.S.C. § 51."

26 Sec. 5. Effective July 1, 1993, G.S. 105-465 reads as rewritten:

27 "**§ 105-465. County election as to adoption of local sales and use tax.**

28 The board of elections of any county, upon the written request of the board of county
 29 commissioners thereof, or upon receipt of a petition signed by qualified voters of the
 30 county equal in number to at least fifteen percent (15%) of the total number of votes
 31 cast in the county, at the last preceding election for the office of Governor, shall call a
 32 special election for the purpose of submitting to the voters of the county the question of
 33 whether a one percent (1%) sales and use tax as hereinafter provided will be levied.

34 The special election shall be held under the same rules and regulations applicable to
 35 the election of members of the General Assembly. No new registration of voters shall be
 36 required. All qualified voters in the county who are properly registered not later than 21
 37 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at
 38 said election. The county board of elections shall give at least 20 days' public notice
 39 prior to the closing of the registration books for the special election.

40 The county board of election shall prepare ballots for the special election ~~which shall~~
 41 ~~contain the words, 'election. The question presented on the ballot shall be 'FOR the one~~
 42 ~~percent (1%) local sales and use tax only on those items presently covered by the four~~
 43 ~~percent (4%) sales and use tax,' and the words, 'on items subject to State sales and use~~
 44 ~~tax at the general State rate and on food' or 'AGAINST the one percent (1%) local sales~~

1 and use tax ~~only on those items presently covered by the four percent (4%) sales and use~~
2 ~~tax, with appropriate squares so that each voter may designate his vote by his cross (X)~~
3 ~~mark on items subject to State sales and use tax at the general State rate and on food'.~~

4 The county board of elections shall fix the date of the special election; provided,
5 however, that the special election shall not be held on the date of any biennial election
6 for county officers, nor within 60 days thereof, nor within one year from the date of the
7 last preceding special election under this section."

8 Sec. 6. Effective July 1, 1993, G.S. 105-467 reads as rewritten:

9 **"§ 105-467. Scope of sales tax.**

10 The sales tax ~~which that~~ may be imposed under this Article is limited to a tax at the
11 rate of one percent (1%) ~~of~~ of the following:

- 12 (1) The sales price of ~~those articles of~~ tangible personal property ~~now~~
13 subject to the general rate of sales tax imposed by the State under G.S.
14 105-164.4(a)(1) and ~~(4b)~~; (a)(4b).
- 15 (2) The gross receipts derived from the lease or rental of tangible personal
16 property when the lease or rental of the property is subject to the
17 general rate of sales tax imposed by the State under G.S. ~~105-~~
18 ~~164.4(a)(2)~~; 105-164.4(a)(2).
- 19 (3) The gross receipts derived from the rental of any room or ~~lodging~~
20 ~~furnished by any hotel, motel, inn, tourist camp or other similar~~
21 accommodations ~~now~~ subject to the general rate of sales tax imposed
22 by the State under G.S. ~~105-164.4(a)(3)~~; and 105-164.4(a)(3).
- 23 (4) The gross receipts derived from services rendered by laundries, dry
24 cleaners, and other businesses ~~now~~ subject to the general rate of sales
25 tax imposed by the State under G.S. 105-164.4(a)(4).
- 26 (5) The sales price of food that is not otherwise exempt from tax pursuant
27 to G.S. 105-164.13 but would be exempt from the State sales and use
28 tax pursuant to G.S. 105-164.13 if it were purchased with coupons
29 issued under the Food Stamp Program, 7 U.S.C. § 51.

30 The sales tax authorized by this Article does not apply to sales that are taxable by the
31 State under G.S. 105-164.4 but are not specifically included in subdivisions (1) through
32 ~~(4)~~ (5) of this section.

33 The State exemptions and exclusions contained in G.S. 105-164.13 and the State
34 refund provisions contained in G.S. 105-164.14 ~~shall apply with equal force and in like~~
35 ~~manner~~ to the local sales and use tax authorized to be levied and imposed under this
36 Article. A taxing county ~~shall have no authority, with respect to the local sales and use~~
37 ~~tax imposed under this Article to change, alter, add to or delete any refund provisions~~
38 ~~contained in G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-~~
39 ~~164.13 or which are elsewhere provided for, may not allow an exemption, exclusion, or~~
40 refund that is not allowed under the State sales and use tax.

41 The local sales tax authorized to be imposed and levied under ~~the provisions of this~~
42 ~~Article shall apply to such retail sales, leases, rentals, the rendering of services,~~
43 ~~furnishing of rooms, lodgings or accommodations and other applies to taxable~~
44 ~~transactions which are made, furnished or rendered by retailers whose place of business~~

1 is located within the taxing county. ~~The tax imposed shall apply to the furnishing of~~
2 ~~rooms, lodging or other accommodations within the county which are rented to~~
3 ~~transients.~~ For the purpose of this Article, the situs of a transaction is the location of the
4 retailer's place of business."

5 Sec. 7. Effective July 1, 1993, G.S. 105-468 reads as rewritten:

6 "**§ 105-468. Scope of use tax.**

7 The use tax ~~which may be imposed under~~ authorized by this Article ~~shall be~~ is a tax
8 at the rate of one percent (1%) of the cost price of each item or article of tangible
9 personal property ~~when it~~ that is not sold in the taxing county but is used, consumed
10 consumed, or stored for use or consumption in the taxing county, ~~except that no tax~~
11 ~~shall be imposed upon tangible personal property when the property would be taxed by~~
12 ~~the State at a rate other than the general rate of tax set in G.S. 105-164.4 if it were~~
13 ~~taxable under G.S. 105-164.6.~~ county. The tax applies to the same items that are subject
14 to tax under G.S. 105-467.

15 Every retailer who is engaged in business in this State and in the taxing county and
16 is required to collect the use tax levied by G.S. 105-164.6 shall ~~also~~ collect the one
17 percent (1%) use tax when ~~such~~ the property is to be used, ~~consumed~~ consumed, or
18 stored in the taxing county, ~~one percent (1%) use tax to be collected concurrently with~~
19 ~~the State's use tax; but no retailer not required to collect the use tax levied by G.S. 105-~~
20 ~~164.6 shall be required to collect the one percent (1%) use tax.~~ county. The use tax
21 contemplated by this section shall be levied against the purchaser, and the purchaser's
22 liability for the use tax shall be extinguished only upon payment of the use tax to the
23 retailer, where the retailer is required to collect the tax, or to the Secretary of Revenue,
24 or to the taxing county, as appropriate, where the retailer is not required to collect the
25 tax.

26 Where a local sales or use tax has been paid with respect to tangible personal
27 property by the purchaser, either in another taxing county within the State, or in a taxing
28 jurisdiction outside the State where the purpose of the tax is similar in purpose and
29 intent to the tax which may be imposed pursuant to this Article, the tax paid may be
30 credited against the tax imposed under this section by a taxing county upon the same
31 property. If the amount of sales or use tax so paid is less than the amount of the use tax
32 due the taxing county under this section, the purchaser shall pay to the Secretary of
33 Revenue or to the taxing county, as appropriate, an amount equal to the difference
34 between the amount so paid in the other taxing county or jurisdiction and the amount
35 due in the taxing county. The Secretary of Revenue or the taxing county, as
36 appropriate, may require such proof of payment in another taxing county or jurisdiction
37 as is deemed to be necessary. The use tax levied under this Article is not subject to
38 credit for payment of any State sales or use tax not imposed for the benefit and use of
39 counties and municipalities. No credit shall be given under this section for sales or use
40 taxes paid in a taxing jurisdiction outside this State if that taxing jurisdiction does not
41 grant similar credit for sales taxes paid under this Article."

42 Sec. 8. Effective July 1, 1993, the first paragraph of Section 4 of Chapter
43 1096 of the 1967 Session Laws, as amended, is amended as follows:

- 44 (1) By deleting the word "and" before subdivision (4).

1 (2) By changing the period at the end of subdivision (4) to a semicolon
2 and adding the word "and".

3 (3) By adding a new subdivision to read:

4 "(5) The sales price of food that is not otherwise exempt from tax pursuant
5 to G.S. 105-164.13 but would be exempt from the State sales and use
6 tax pursuant to G.S. 105-164.13 if it were purchased with coupons
7 issued under the Food Stamp Program, 7 U.S.C. § 51."

8 Sec. 9. Effective July 1, 1993, Section 5 of Chapter 1096 of the 1967 Session
9 Laws is amended by deleting the first sentence of that section and substituting the
10 following sentences to read:

11 "The use tax that Mecklenburg County may impose under this division is a tax at the
12 rate of one percent (1%) of the cost price of each item or article of tangible personal
13 property that is not sold but is used, consumed, or stored for use or consumption in
14 Mecklenburg County. The tax applies to the same items that are subject to tax under
15 Section 4 of this act."

16 Sec. 10. Approval under Article 39, 40, or 42 of Chapter 105 of the General
17 Statutes, or under the Mecklenburg County Sales and Use Tax Act, Chapter 1096 of the
18 1967 Session Laws, as amended, of local sales and use taxes on items subject to State
19 sales and use tax at the general State rate constitutes approval of local sales and use
20 taxes on food.

21 22 **PART 2. UNIVERSAL CHILD CARE CREDIT**

23
24 Sec. 11. Division II of Article 4 of Chapter 105 of the General Statutes is
25 amended by adding a new section to read:

26 **"§ 105-151.11A. Universal child care credit.**

27 (a) There is allowed as a credit against the tax imposed by this Division an
28 amount equal to two hundred sixty dollars (\$260.00) for each of a taxpayer's children
29 under the age of six that the taxpayer claims as a dependent under section 151 of the
30 Code for the taxable year. For the purpose of this section, a taxpayer's child includes
31 the taxpayer's daughter, stepdaughter, son, or stepson.

32 (b) The credit allowed by this section may not exceed the amount of tax imposed
33 by this Division for the taxable year reduced by the sum of all credits allowable, except
34 for payments of tax by or on behalf of the taxpayer. A taxpayer who is eligible for the
35 credit allowed under this section is not eligible for the credit allowed under G.S. 105-
36 151.11."

37 Sec. 12. G.S. 105-151.11(e) reads as rewritten:

38 "(e) No credit shall be allowed under this section with respect to employment-
39 related expenses paid by a nonresident of this State. A taxpayer who is eligible for the
40 credit allowed under G.S. 105-151.11A is not eligible for the credit allowed under this
41 section."

42 43 **PART 3. REDUCE CORPORATE INCOME TAX**

1 Sec. 13. G.S. 105-130.3 reads as rewritten:

2 "**§ 105-130.3. Corporations.**

3 A tax is imposed on the State net income of every C Corporation doing business in
4 this State at seven ~~and seventy-five one-hundredths~~ percent (~~7.75%~~) (7%) of the
5 corporation's State net income. An S Corporation is not subject to the tax levied in this
6 section."

7 Sec. 14. G.S. 115C-546.1 reads as rewritten:

8 "**§ 115C-546.1. Creation of Fund; administration.**

9 (a) There is created the Public School Building Capital Fund. The Fund shall be
10 used to assist county governments in meeting their public school building capital needs.

11 (b) Each calendar quarter, the Secretary of Revenue shall remit to the State
12 Treasurer for credit to the Public School Building Capital Fund an amount equal to ~~two~~
13 ~~thirty-firsts (2/31)~~ one-fourteenth (1/14) of the net collections received during the
14 previous quarter by the Department of Revenue under G.S. 105-130.3 minus two
15 million five hundred thousand dollars (\$2,500,000). All funds deposited in the Public
16 School Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S.
17 147-69.3.

18 (c) The Fund shall be administered by the Office of State Budget and
19 Management."
20

21 **PART 4. EFFECTIVE DATES**

22
23 Sec. 15. Part 1 of this title becomes effective July 1, 1993, and applies to
24 sales made on or after that date. Part 2 of this title is effective for taxable years
25 beginning on or after January 1, 1993. G.S. 115C-546.1, as rewritten in Part 3 of this
26 title becomes effective October 1, 1993, and applies to remittances made on or after that
27 date; the remainder of Part 3 of this title is effective for taxable years beginning on or
28 after January 1, 1993.
29

30 **TITLE II - CURRENT OPERATIONS**

31
32 **PART 5. CURRENT OPERATIONS/GENERAL FUND**

33
34 Sec. 16. Appropriations from the General Fund of the State for the
35 maintenance of the State departments, institutions, and agencies, and for other purposes
36 as enumerated are made for the biennium ending June 30, 1995, according to the
37 schedule that follows. Amounts set out in brackets are reductions from General Fund
38 appropriations for the 1993-94 and the 1994-95 fiscal years.

39 Appropriations made in this section are adjusted in Section 17 of this act to
40 reflect Government Performance Audit Committee recommendations.
41

42 <u>Current Operations - General Fund</u>	<u>1993-94</u>	<u>1994-95</u>
43		
44 General Assembly	\$ 20,744,031	\$ 24,233,391

1			
2	Judicial Department		225,455,954 228,059,144
3			
4	Office of the Governor		
5	01. Office of the Governor	4,541,499 4,560,579	
6	02. Office of State Budget		
7	and Management	3,303,649 3,424,900	
8	03. Office of State Planning	1,491,583 1,491,893	
9			
10	Office of the Lieutenant Governor		534,880 536,703
11			
12	Department of Secretary of State		4,064,763 4,028,444
13			
14	Department of State Auditor		7,172,022 7,207,956
15			
16	Department of State Treasurer		
17	01. State Treasurer	5,328,087 5,333,773	
18	02. Special Contributions	5,274,131 5,274,131	
19			
20	Department of Public Education		
21	01. Public Instruction	39,835,348 39,864,932	
22	02. Public School Fund	3,480,833,084 3,538,882,545	
23	Total Department of Public		
24	Education		3,520,668,432 3,578,747,477
25			
26	Department of Justice		52,534,578 51,263,987
27			
28	Department of Administration		48,230,200 49,314,499
29			
30	Department of Agriculture		41,540,043 41,722,492
31			
32	Department of Labor		11,398,020 11,391,955
33			
34	Department of Insurance		12,416,179 12,431,124
35			
36	Department of Transportation		
37	01. Aeronautics	10,459,740 10,459,740	
38	02. Aid to Railroads	97,000 97,000	
39	Total Department of		
40	Transportation		10,556,740 10,556,740
41			
42	Department of Environment, Health, and		
43	Natural Resources		195,013,817 199,267,675
44			

1	Rules Review Commission	255,878	255,955
2			
3	Department of Human Resources		
4	01. DHR - Secretary	11,685,867	12,193,208
5	02. Division of Aging	10,671,854	10,672,283
6	03. Jordan Adams Inflationary Reserve	1,278,307	2,573,234
7	04. Schools for the Deaf and		
8	Hard of Hearing	20,751,688	20,467,840
9	05. Social Services	182,404,277	188,095,904
10	06. Medical Assistance	887,402,952	1,038,920,954
11	07. Social Services - State Aid to		
12	Non-State Agencies	6,277,843	6,277,843
13	08. Division of Services for the Blind	13,183,747	13,307,850
14	09. Division of Mental Health,		
15	Developmental Disabilities, and		
16	Substance Abuse Services	426,887,375	438,515,627
17	10. Division of Facility Services	62,861,272	72,651,380
18	11. Division of Vocational		
19	Rehabilitation Services	22,316,975	22,342,763
20	12. Division of Youth Services	51,457,001	51,547,163
21	Total Department of Human Resources	1,697,179,158	1,877,566,049
22			
23	Department of Correction	561,786,791	599,838,952
24			
25	Department of Commerce	25,590,856	25,614,745
26			
27	Department of Revenue	56,966,875	59,981,679
28			
29	Department of Cultural Resources	42,210,249	42,874,742
30			
31	Department of Crime Control		
32	and Public Safety	26,184,688	26,161,866
33			
34	Office of the State Controller	12,635,053	12,482,882
35			
36	University of North Carolina - Board		
37	of Governors		
38	01. General Administration	17,044,666	17,132,911
39	02. University Institutional		
40	Program	(19,178,732)	(17,173,858)
41	03. Related Educational Programs	47,491,869	47,721,735
42	04. University of North Carolina		
43	at Chapel Hill		
44	a. Academic Affairs	134,666,424	136,655,734

1	b. Health Affairs	107,813,363	109,692,675
2	c. Area Health Education		
3	Centers	31,388,997	31,377,011
4	05. North Carolina State University		
5	at Raleigh		
6	a. Academic Affairs	175,807,410	176,430,541
7	b. Agricultural Research Service	35,498,750	35,520,443
8	c. Agricultural Extension Service	27,704,291	27,672,954
9	06. University of North Carolina at		
10	Greensboro	54,464,433	54,647,622
11	07. University of North Carolina at		
12	Charlotte	58,365,780	58,590,961
13	08. University of North Carolina at		
14	Asheville	16,860,810	16,949,777
15	09. University of North Carolina at		
16	Wilmington	33,233,359	33,445,139
17	10. East Carolina University		
18	a. Academic Affairs	73,845,437	74,383,537
19	b. Division of Health Affairs	52,344,058	53,518,533
20	11. North Carolina Agricultural and		
21	Technical State University	40,286,800	40,481,673
22	12. Western Carolina University	36,113,179	36,117,076
23	13. Appalachian State University	52,092,413	52,164,230
24	14. Pembroke State University	16,248,252	16,750,775
25	15. Winston-Salem State University	16,211,059	16,335,865
26	16. Elizabeth City State		
27	University	15,330,727	15,329,290
28	17. Fayetteville State University	19,112,872	19,483,189
29	18. North Carolina Central		
30	University	27,689,227	27,897,386
31	19. North Carolina School of the		
32	Arts	7,882,152	7,901,217
33	20. North Carolina School of		
34	Science and Mathematics	7,192,927	7,223,028
35	21. UNC Hospitals at Chapel Hill	41,154,272	42,400,816
36	Total University of North		
37	Carolina - Board of Governors		1,126,664,795 1,138,650,260
38			
39	Department of Community Colleges		399,468,963 438,391,821
40			
41	State Board of Elections		529,173 529,508
42			
43	Contingency and Emergency		1,125,000 1,125,000
44			

1	Reserve for Salary Increase	186,200,000	190,700,000
2			
3	Delete Noncritical Positions	(70,010,288)	(70,010,288)
4			
5	Reduce Contract Service Line-Items	(51,467,465)	(51,467,465)
6			
7	Reserve for Salary Adjustments	500,000	500,000
8			
9	Reserve for Lowest Paid Employees	1,400,724	1,400,724
10			
11	Reserve for OSHA - Bloodborne Pathogens	2,000,000	2,000,000
12			
13	Reserve for Retiree 30% Reduction	(10,000,000)	(10,000,000)
14			
15	Debt Service	92,263,558	89,113,783
16			
17	Local Government Shared Revenue	<u>236,824,154</u>	<u>236,824,154</u>
18			
19	SUBTOTAL CURRENT OPERATIONS –		
20	GENERAL FUND	\$8,508,424,599	\$8,851,117,277

22 Sec. 17. (a) GPAC Revenue Increases - Tax and nontax revenues are
 23 increased to effect the recommendations of the Government Performance Audit
 24 Committee as contained in House Bill 345 according to the following schedule:

25	Department	Program	1993-94	1994-
26	95			
28	Purchasing	Sale of State Surplus		
29		Facility and Land	\$1,700,000	-
30	Organization			
31	and Staffing	Department of Revenue		
32		Field Operations	<u>9,000,000</u>	<u>9,000,000</u>
33				
34	TOTAL REVENUE INCREASES		\$10,700,000	\$9,000,000

36 (b) GPAC Program Changes - The appropriations made in Section 16 of this act
 37 are adjusted to reflect savings identified by the Government Performance Audit
 38 Committee recommendations as contained in House Bill 345, according to the schedule
 39 that follows. Amounts set out in brackets are increases to General Fund appropriations
 40 for the 1993-94 and the 1994-95 fiscal years that are needed to effect these
 41 recommendations.

42	Department	Program	1993-94	1994-
43	95			
44				

1	Emp. Benefits	Implement PPO Program	\$9,700,000	\$15,000,000
2		Implement Expanded		
3		Catastrophic care		
4		Program	\$2,100,000	\$14,000,000
5	Purchasing	Reduce Inventories	\$4,500,000	\$4,500,000
6		Consolidate Warehouse		
7		Staff	\$100,000	\$100,000
8	Info. Tech.	STS Should Proceed with		
9		Planning	\$0	\$0
10		Consolidate Networks	\$0	\$400,000
11	Health &			
12	Human Serv.	State Mental Hlth.		
13		Facilities	\$5,700,000	\$600,000
14		Developmental Disabil.		
15		Services	\$4,500,000	\$5,000,000
16		Alcohol, Drug Abuse		
17		Centers	\$600,000	\$1,200,000
18		Schools for Deaf		
19		Children	\$900,000	\$900,000
20		Child Support		
21		Enforcement	\$7,200,000	\$7,200,000
22		DHR Organization		
23		and Staffing	\$1,100,000	\$1,100,000
24	Medicaid	Medicaid Expenditures		
25		and Coverage	\$2,200,000	\$2,400,000
26		Medicaid Reimbursement		
27		of Inpatient Hospital		
28		Services	\$3,700,000	\$17,600,000
29		Medicaid Reimbursement		
30		of Outpatient Hospital		
31		Services	\$200,000	\$800,000
32		Medicaid Reimbursement		
33		of Nursing Facility		
34		Services	\$5,400,000	\$13,700,000
35		Physician Services Provided		
36		under Medicaid	\$2,000,000	\$1,800,000
37		Medicaid Reimbursement		
38		for Prescription		
39		Drugs	\$6,300,000	\$7,200,000
40		Health Care for DHR		
41		Groups	\$5,700,000	\$9,000,000
42		Certificate of Need	\$2,300,000	\$4,000,000
43		Managed Care Strategies		
44		for North Carolina	(\$400,000)	(\$1,200,000)

1		State Purchase of Health		
2		Care	\$500,000	\$1,100,000
3	Economic			
4	Development	Strategic Planning		
5		Process	(\$300,000)	(\$300,000)
6		Coordination and		
7		Organization of		
8		ECD Programs	\$200,000	\$200,000
9		Regional Office		
10		Organization and		
11		Staffing	\$200,000	\$200,000
12	Education	Governance Structure		
13		for Public Ed.	\$800,000	\$800,000
14		Organization and		
15		Staffing	\$3,700,000	\$3,700,000
16		Funding Initiatives		
17		in Public Ed.	\$57,826,484	\$59,110,738
18		Reform Initiatives	(\$400,000)	(\$400,000)
19		Tuition & Fees -		
20		UNC & NCCCS	\$20,800,000	\$20,800,000
21	Organization			
22	and Staffing	Assessment of State		
23		Organization		
24		Structure	\$1,400,000	\$1,400,000
25		Organization Assessment		
26		of State of State Admin.		
27		Structure	\$300,000	\$300,000
28		Department of Revenue		
29		Field Operations	\$400,000	\$1,100,000
30		Retiree Medical		
31		Program	\$17,500,000	\$18,900,000
32				
33	SUBTOTAL		\$166,726,484	\$212,210,738

PART 6. CURRENT OPERATIONS/HIGHWAY FUND

Sec. 18. Appropriations from the Highway Fund of the State are made for the biennium ending June 30, 1995, according to the schedule that follows:

40	<u>Current Operations - Highway Fund</u>	<u>1993-94</u>	<u>1994-95</u>
41			
42	Department of Crime Control		
43	and Public Safety		
44	01. Additional Highway Patrol		

1	troopers				
2				\$2,539,922	\$4,700,
3				485	
4	02. New Headquarters for				
5	Troop H			700,339	799,198
6	Total	Department	of	Crime	Control
7					
8				<u>\$3,240,261</u>	<u>\$5,499,6</u>
9				<u>83</u>	
10	TOTAL CURRENT OPERATIONS-				
11	HIGHWAY				FUND
12				\$3,240,261	\$5,499,
13				683	

14 **PART 7. GENERAL PROVISIONS**

15
 16 **SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL**
 17 **RECEIPTS/AUTHORIZATION FOR EXPENDITURES**

18 Sec. 19. There is appropriated out of the cash balances, federal receipts, and
 19 departmental receipts available to each department, sufficient amounts to carry on
 20 authorized activities included under each department's operations. All these cash
 21 balances, federal receipts, and departmental receipts shall be expended and reported in
 22 accordance with provisions of the Executive Budget Act, except as otherwise provided
 23 by statute. The Director of the Budget shall develop necessary budget controls,
 24 regulations, and systems to ensure that these funds and other State funds subject to the
 25 Executive Budget Act shall not be spent in a manner that would cause a deficit in
 26 expenditures.

27 Pursuant to G.S. 143-34.2, State departments, agencies, institutions, boards,
 28 or commissions may make application for, receive, or disburse any form of non-State
 29 aid. All non-State monies received shall be deposited with the State Treasurer unless
 30 otherwise provided by State law. These funds shall be expended in accordance with the
 31 terms and conditions of the fund award that are not contrary to the laws of North
 32 Carolina.

33
 34 **INSURANCE AND FIDELITY BONDS**

35 Sec. 20. All insurance and all official fidelity and surety bonds authorized for
 36 the several departments, institutions, and agencies shall be effected and placed by the
 37 Insurance Department, and the cost of placement shall be paid by the affected
 38 department, institution, or agency with the approval of the Insurance Commissioner.

39
 40 **AUTHORIZED TRANSFERS**

41 Sec. 21. The Director of the Budget may transfer to General Fund budget
 42 codes from the General Fund Salary Adjustment Reserve appropriation, and may
 43 transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment
 44 Reserve appropriation, amounts required to support approved salary adjustments made

1 necessary by difficulties in recruiting and holding qualified employees in State
2 government. The funds may be transferred only when the use of salary reserve funds in
3 individual operating budgets is not feasible.

5 **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

6 Sec. 22. All funds appropriated by this act into reserves shall be expended
7 only for the purposes for which the reserves were established.

9 **PART 8. GENERAL ASSEMBLY**

10
11 Requested by: Representative Balmer

12 **LEGISLATIVE APPROPRIATIONS REVERT LIKE OTHER AGENCIES'** 13 **APPROPRIATIONS**

14 Sec. 23. G.S. 143-18 reads as rewritten:

15 **"§ 143-18. Unencumbered balances to revert to treasury; capital appropriations**
16 **excepted.**

17 All unencumbered balances of maintenance appropriations shall revert to the State
18 treasury to the credit of the general fund or special funds from which the appropriation
19 and/or appropriations, were made and/or expended, at the end of each fiscal year; except
20 that capital expenditures for the purchase of land, the erection of buildings, new
21 construction or renovations in progress shall continue in force until the attainment of the
22 object or the completion of the work for which the appropriations are made; ~~except that~~
23 ~~maintenance appropriations to the General Assembly shall remain available until~~
24 ~~expended, unless otherwise provided by the Legislative Services Commission.~~made.

25 As used in this section, "unencumbered" means not obligated in the form of
26 purchase orders, contracts, renovations in progress or salary commitments. No purchase
27 orders, contracts, renovations in progress, or salary commitments shall be entered into
28 during a fiscal year unless sufficient funds are available within the purpose for which
29 the funds were appropriated by the General Assembly or as authorized by the Director
30 of the Budget as allowed by law."

32 **PART 9. PUBLIC SCHOOLS**

33
34 Requested by: Representative Balmer

35 **COMBINE FUNDING CATEGORIES IN THE PUBLIC SCHOOL FUND**

36 Sec. 24. (a) Two existing funding categories in the Public School Fund, 6025 -
37 Classroom Teachers and 6026 - Enhancement Teachers, are combined into a single
38 category for classroom teachers.

39 (b) Three existing funding categories in the Public School Fund, 6015 -
40 Clerical, 6043 - Teacher Assistants, and 6044 - Custodians, are combined into a single
41 category for school-based noninstructional personnel. The total amount appropriated
42 for this category in this act reflects a fifteen percent (15%) base budget reduction for
43 each year of the biennium.

1 Requested by: Representative Balmer

2 **TEACHER SALARY FUNDS**

3 Sec. 25. (a) Of the funds appropriated to the Reserve for Salary Increases for
4 Teachers in this act, the State Board of Education shall use the sum of twenty-three
5 million three hundred thousand dollars (\$23,300,000) for the 1993-94 fiscal year and the
6 sum of twenty-three million three hundred thousand dollars (\$23,300,000) for the 1994-
7 95 fiscal year to grant a one-step increment, effective July 1, 1993, to State-paid
8 employees paid on the teacher salary schedule.

9 (b) Of the funds appropriated to the Reserve for Salary Increases for Teachers in
10 this act, the State Board of Education shall use the sum of nineteen million three
11 hundred thousand dollars (\$19,300,000) for the 1993-94 fiscal year and the sum of
12 nineteen million three hundred thousand dollars (\$19,300,000) for the 1994-95 fiscal
13 year to increase the entry level step on the teacher salary schedule applicable to teachers
14 with "A"certificates to two thousand two dollars (\$2,002) a month and to make
15 corresponding changes to the remainder of the teacher salary schedule. These changes
16 shall become effective July 1, 1993.

17 (c) Of the funds appropriated to the Department of Public Education, Aid to
18 Local School Administrative Units, in this act, the sum of thirty-eight million eight
19 hundred thousand dollars (\$38,800,000) for the 1993-94 fiscal year and the sum of
20 thirty-eight million eight hundred thousand dollars (\$38,800,000) for the 1994-95 fiscal
21 year shall be used for differentiated pay.

22

23 Requested by: Representative Balmer

24 **APPOINT SUPERINTENDENT OF PUBLIC INSTRUCTION**

25 Sec. 26. (a) Section 4(2) of Article IX of the Constitution reads as rewritten:

26 "(2) **Superintendent of Public Instruction.** The Superintendent of Public
27 Instruction shall be the secretary and chief administrative officer of the State Board of
28 Education. The Superintendent shall be appointed by the State Board of Education and
29 shall serve at the pleasure of the State Board of Education."

30 (b) Section 7(1) of Article III of the Constitution reads as rewritten:

31 "(1) **Officers.** A Secretary of State, an Auditor, a Treasurer, ~~a Superintendent of~~
32 ~~Public Instruction,~~ an Attorney General, a Commissioner of Agriculture, a
33 Commissioner of Labor, and a Commissioner of Insurance shall be elected by the
34 qualified voters of the State in 1972 and every four years thereafter, at the same time
35 and places as members of the General Assembly are elected. Their term of office shall
36 be four years and shall commence on the first day of January next after their election
37 and continue until their successors are elected and qualified."

38 (c) G.S. 115C-18 reads as rewritten:

39 "**§ 115C-18. ~~Election~~ Appointment of Superintendent of Public ~~Instruction.~~**
40 **Instruction; salary.**

41 The Superintendent of Public Instruction shall be ~~elected by the qualified voters of~~
42 ~~the State in 1972 and every four years thereafter at the same time and places as~~
43 ~~members of the General Assembly are elected. His term of office shall be four years and~~

1 shall commence on the first day of January next after election and continue until his
2 successor is elected and qualified.

3 If the office of the Superintendent of Public Instruction is vacated by death,
4 resignation, or otherwise, it shall be the duty of the Governor to appoint another to serve
5 until his successor is elected and qualified. Every such vacancy shall be filled by
6 election at the first election for members of the General Assembly that occurs more than
7 30 days after the vacancy has taken place, and the person chosen shall hold the office
8 for the remainder of the unexpired term fixed in Article III, Sec. 7 of the Constitution of
9 North Carolina. When a vacancy occurs in the office and the term expires on the first
10 day of January succeeding the next election for members of the General Assembly, the
11 Governor shall appoint to fill the vacancy for the unexpired term of the office. Upon the
12 occurrence of a vacancy in the office for any of the causes stated herein, the Governor
13 may appoint an interim officer to perform the duties of that office until a person is
14 appointed or elected pursuant to Article III, Sec. 7 of the Constitution of North Carolina
15 to fill the vacancy and is qualified.

16 The time of the election of the Superintendent of Public Instruction shall be in
17 accordance with the provisions of Article 1 of Subchapter I of Chapter 163 of the
18 General Statutes.

19 The election, term and induction into office of the Superintendent of Public
20 Instruction shall be in accordance with the provisions of G.S. 147-4. appointed by the
21 State Board of Education and shall serve at the pleasure of the State Board of Education.
22 The salary of the Superintendent shall be set by the State Board of Education."

23 (d) G.S. 115C-20 is repealed.

24 (e) G.S. 115C-21(a) reads as rewritten:

25 "(a) Administrative Duties. – It shall be the duty of the Superintendent of Public
26 Instruction:

- 27 (1) To organize and establish a Department of Public Instruction which
28 shall include such divisions and departments as are necessary for
29 supervision and administration of the public school system, to
30 administer the funds for the operation of the Department of Public
31 Instruction, and to enter into contracts for the operations of the
32 Department of Public Instruction.
- 33 (2) To keep the public informed as to the problems and needs of the public
34 schools by constant contact with all school administrators and
35 teachers, by ~~his personal appearance~~ personally appearing at public
36 gatherings, and by information furnished to the press of the State.
- 37 (3) To report biennially to the Governor 30 days prior to each regular
38 session of the General Assembly, ~~Assembly.~~ such report to ~~The report~~
39 shall include information and statistics ~~of~~ concerning the public
40 schools, ~~with and~~ recommendations for their the improvement of the
41 public schools and ~~for such changes in the public school law.~~ law as
42 ~~shall occur to him.~~
- 43 (4) To have printed and distributed such educational bulletins as ~~he shall~~
44 ~~deem~~ necessary for the professional improvement of teachers and for

1 the cultivation of public sentiment for public education, and to have
 2 printed all forms necessary and proper for the administration of the
 3 Department of Public Instruction.

4 (5) ~~To have under his direction, in his capacity as the constitutional head~~
 5 ~~of the public school system, As chief administrative officer of the State~~
 6 Board of Education, to direct all those matters relating to the
 7 supervision and administration of the public school system.

8 (b) Duties as Secretary to the State Board of Education. – As secretary, under the
 9 direction of the Board, it shall be the duty of the Superintendent of Public Instruction:

10 (1) To administer through the Department of Public Instruction, all
 11 policies established by the Board.

12 (1a) To administer the funds appropriated to the Department of Public
 13 Education for the operations of the State Board of Education and for
 14 aid to local school administrative units.

15 (2) To keep the Board informed regarding developments in the field of
 16 public education.

17 (3) To make recommendations to the Board with regard to the problems
 18 and needs of education in North Carolina.

19 (4) To make available to the public schools a continuous program of
 20 comprehensive supervisory services.

21 (5) To collect and organize information regarding the public schools, ~~on~~
 22 ~~the basis of which he shall~~ and to use this information to furnish the
 23 Board such tabulations and reports as may be required by the Board.

24 (6) To communicate to the public school administrators all information
 25 and instructions regarding instructional policies and procedures
 26 adopted by the Board.

27 (7) To have custody of the official seal of the Board and to attest all deeds,
 28 leases, or written contracts executed in the name of the Board. All
 29 deeds of conveyance, leases, and contracts affecting real estate, title to
 30 which is held by the Board, and all contracts of the Board required to
 31 be in writing and under seal, shall be executed in the name of the
 32 Board by the chairman and attested by the secretary; and proof of the
 33 execution, if required or desired, may be had as provided by law for
 34 the proof of corporate instruments.

35 (8) To attend all meetings of the Board and to keep the minutes of the
 36 proceedings of the Board in a well-bound and suitable book, which
 37 minutes shall be approved by the Board prior to its adjournment; and,
 38 as soon thereafter as possible, to furnish to each member of the Board
 39 a copy of said minutes.

40 (9) To perform such other duties as the Board may ~~assign to him from~~
 41 ~~time to time.~~ assign."

42 (f) G.S. 143A-42 reads as rewritten:

43 **"§ 143A-42. Superintendent of Public Instruction; transfer of office and**
 44 **Department of Public Instruction; powers and duties.**

1 The office of the Superintendent of Public Instruction, as provided for by ~~Article III,~~
2 ~~Sec. 7, Article IX, Sec. 4(2),~~ of the Constitution, and the Department of Public
3 Instruction are hereby transferred to the Department of Public Education. The
4 Superintendent of Public Instruction shall be the secretary and chief administrative
5 officer of the State Board of Education, and shall have such powers and duties as are
6 conferred by the Constitution, by the State Board of Education, Chapter 115C of the
7 General Statutes, and the laws of this State."

8 (g) G.S. 147-3(c) reads as rewritten:

9 "(c) The general civil executive officers of this State are as follows:

- 10 (1) A Governor;
- 11 (2) A Lieutenant Governor;
- 12 (3) Private secretary for the Governor;
- 13 (4) A Secretary of State;
- 14 (5) An Auditor;
- 15 (6) A Treasurer;
- 16 (7) An Attorney General;
- 17 ~~(8) A Superintendent of Public Instruction;~~
- 18 (9) The members of the Governor's Council;
- 19 (10) A Commissioner of Agriculture;
- 20 (11) A Commissioner of Labor;
- 21 (12) A Commissioner of Insurance."

22 (h) G.S. 147-4 reads as rewritten:

23 **"§ 147-4. Executive officers – election; term; induction into office.**

24 The executive department shall consist of a Governor, a Lieutenant Governor, a
25 Secretary of State, an Auditor, a Treasurer, ~~a Superintendent of Public Instruction,~~ an
26 Attorney General, a Commissioner of Agriculture, a Commissioner of Insurance, and a
27 Commissioner of Labor, who shall be elected for a term of four years, by the qualified
28 electors of the State, at the same time and places, and in the same manner, as members
29 of the General Assembly are elected. Their term of office shall commence on the first
30 day of January next after their election and continue until their successors are elected
31 and qualified. The persons having the highest number of votes, respectively, shall be
32 declared duly elected, but if two or more be equal and highest in votes for the same
33 office, then one of them shall be chosen by joint ballot of both houses of the General
34 Assembly. Contested elections shall be determined by a joint ballot of both houses of
35 the General Assembly in such manner as shall be prescribed by law."

36 (i) G.S. 147-11.1 reads as rewritten:

37 **"§ 147-11.1. Succession to office of Governor; Acting Governor.**

38 (a) Lieutenant Governor. –

- 39 (1) The Lieutenant Governor-elect shall become Governor upon the
40 failure of the Governor-elect to qualify. The Lieutenant Governor shall
41 become Governor upon the death, resignation, or removal from office
42 of the Governor. The further order of succession to the office of
43 Governor shall be prescribed by law. A successor shall serve for the

- 1 remainder of the term of the Governor whom he succeeds and until a
2 new Governor is elected and qualified.
- 3 (2) During the absence of the Governor from the State, or during the
4 physical or mental incapacity of the Governor to perform the duties of
5 his office, the Lieutenant Governor shall be Acting Governor. The
6 further order of succession as Acting Governor shall be prescribed by
7 law.
- 8 (b) President of Senate, Speaker of the House and Other Officers. –
- 9 (1) If, by reason of failure to qualify, death, resignation, or removal from
10 office, there is neither a Governor nor a Lieutenant Governor to
11 discharge the powers and duties of the office of Governor, then the
12 President of the Senate shall, upon his resignation as President of the
13 Senate and as Senator, become Governor.
- 14 (2) If, at the time when under subdivision (1) of this subsection the
15 President of the Senate is to become Governor, there is no President of
16 the Senate, or the President of the Senate fails to qualify as Governor,
17 then the Speaker of the House of Representatives shall, upon his
18 resignation as Speaker and as Representative, become Governor.
- 19 (3) If, at the time when under subdivision (2) of this subsection the
20 Speaker of the House of Representatives is to become Governor, there
21 is no Speaker of the House of Representatives, or the Speaker of the
22 House of Representatives fails to qualify as Governor, then that officer
23 of the State of North Carolina who is highest on the following list, and
24 who is not under disability to serve as Governor, shall, upon his
25 resignation of the office which places him in the order of succession,
26 become Governor: Secretary of State, Auditor, Treasurer,
27 ~~Superintendent of Public Instruction~~, Attorney General, Commissioner
28 of Agriculture, Commissioner of Labor, and Commissioner of
29 Insurance.
- 30 (c) Acting Governor Generally. –
- 31 (1) If, by reason of absence from the State or physical or mental
32 incapacity, there is neither a Governor nor a Lieutenant Governor
33 qualified to discharge the powers and duties of the office of Governor,
34 then the President of the Senate shall become Acting Governor.
- 35 (2) If, at the time when under subdivision (1) of this subsection the
36 President of the Senate is to become Acting Governor, there is no
37 President of the Senate, or the President of the Senate fails to qualify
38 as Acting Governor, then the Speaker of the House of Representatives
39 shall become Acting Governor.
- 40 (3) If, at the time when under subdivision (2) of this subsection the
41 Speaker of the House of Representatives is to become Acting
42 Governor, there is no Speaker of the House of Representatives, or the
43 Speaker of the House of Representatives fails to qualify as Acting
44 Governor, then that officer of the State of North Carolina who is

1 highest on the following list, and who is not under disability to serve
2 as Acting Governor, shall become Acting Governor: Secretary of
3 State, Auditor, Treasurer, ~~Superintendent of Public Instruction,~~
4 Attorney General, Commissioner of Agriculture, Commissioner of
5 Labor, and Commissioner of Insurance.

6 (d) Governor Serving under Subsection (c). – An individual serving as Acting
7 Governor under subsection (c) of this section shall continue to act for the remainder of
8 the term of the Governor whom he succeeds and until a new Governor is elected and
9 qualified, except that:

10 (1) If his tenure as Acting Governor is founded in whole or in part upon
11 the absence of both the Governor and Lieutenant Governor from the
12 State, then he shall act only until the Governor or Lieutenant Governor
13 returns to the State; and

14 (2) If his tenure as Acting Governor is founded in whole or in part upon
15 the physical or mental incapacity of the Governor or Lieutenant
16 Governor, then he shall act only until the removal of the incapacity of
17 the Governor or Lieutenant Governor.

18 (e) Officers to Which Subsections (b), (c) and (d) Applicable. – Subsections (b),
19 (c), and (d) of this section shall apply only to such officers as are eligible to the office of
20 Governor under the Constitution of North Carolina, and only to officers who are not
21 under impeachment by the House of Representatives at the time they are to become
22 Governor or Acting Governor.

23 (f) Compensation of Acting Governor. – During the period that any individual
24 serves as Acting Governor under subsection (c) of this section, his compensation shall
25 be at the rate then provided by law in the case of the Governor."

26 (j) G.S. 163-1 is amended by deleting the entries in the table for
27 "Superintendent of Public Instruction".

28 (k) G.S. 163-8 reads as rewritten:

29 **"§ 163-8. Filling vacancies in State executive offices.**

30 If the office of Governor or Lieutenant Governor shall become vacant, the
31 provisions of G.S. 147-11.1 shall apply. If the office of any of the following officers
32 shall be vacated by death, resignation, or otherwise than by expiration of term, it shall
33 be the duty of the Governor to appoint another to serve until his successor is elected and
34 qualified: Secretary of State, Auditor, Treasurer, ~~Superintendent of Public Instruction,~~
35 Attorney General, Commissioner of Agriculture, Commissioner of Labor, and
36 Commissioner of Insurance. Each such vacancy shall be filled by election at the first
37 election for members of the General Assembly that occurs more than 60 days after the
38 vacancy has taken place, and the person chosen shall hold the office for the remainder
39 of the unexpired four-year term: Provided, that when a vacancy occurs in any of the
40 offices named in this section and the term expires on the first day of January succeeding
41 the next election for members of the General Assembly, the Governor shall appoint to
42 fill the vacancy for the unexpired term of the office.

43 Upon the occurrence of a vacancy in the office of any one of these officers for any
44 of the causes stated in the preceding paragraph, the Governor may appoint an acting

1 officer to perform the duties of that office until a person is appointed or elected pursuant
2 to this section and Article III, Section 7 of the State Constitution, to fill the vacancy and
3 is qualified."

4 (l) G.S. 163-278.27 reads as rewritten:

5 **"§ 163-278.27. Penalty for violations; duty to report and prosecute.**

6 (a) Any individual, candidate, political committee, referendum committee,
7 treasurer, person or media who violates the provisions of G.S. 163-278.7, 163-278.8,
8 163-278.9, 163-278.10, 163-278.11, 163-278.12, 163-278.14, 163-278.16, 163-278.17,
9 163-278.18, 163-278.40A, 163-278.40B, 163-278.40C, 163-278.40D or 163-278.40E is
10 guilty of a misdemeanor.

11 (b) Whenever the Board has knowledge of or has reason to believe there has been
12 a violation of any section of this Article, it shall report that fact, together with
13 accompanying details, to the following prosecuting authorities:

14 (1) In the case of a candidate for nomination or election to the State Senate
15 or State House of Representatives: report to the district attorney of the
16 prosecutorial district in which the candidate for nomination or election
17 resides;

18 (2) In the case of a candidate for nomination or election to the office of
19 Governor, Lieutenant Governor, Secretary of State, State Auditor,
20 State Treasurer, ~~State Superintendent of Public Instruction~~, State
21 Attorney General, State Commissioner of Agriculture, State
22 Commissioner of Labor, State Commissioner of Insurance, and all
23 other State elective offices, Justice of the Supreme Court, Judge of the
24 Court of Appeals, judge of a superior court, judge of a district court,
25 and district attorney of the superior court: report to the district attorney
26 of the prosecutorial district in which Wake County is located;

27 (3) In the case of an individual other than a candidate, including, without
28 limitation, violations by members of political committees, referendum
29 committees or treasurers: report to the district attorney of the
30 prosecutorial district in which the individual resides; and

31 (4) In the case of a person or any group of individuals: report to the
32 district attorney or district attorneys of the prosecutorial district or
33 districts in which any of the officers, directors, agents, employees or
34 members of the person or group reside.

35 (c) Upon receipt of such a report from the Board, the appropriate district attorney
36 shall prosecute the individual or persons alleged to have violated a section or sections of
37 this Article."

38 (m) The amendments set out in subsections (a) and (b) of this section shall be
39 submitted to the qualified voters of the State at an election to be held at the same time as
40 the next statewide primary, general, or special election, whichever occurs first, which
41 election shall be conducted under the laws then governing elections in the State. At that
42 election, each qualified voter desiring to vote shall be provided a ballot on which shall
43 be printed the following:

1 "[]" FOR constitutional amendments to make the Superintendent of Public
2 Instruction an appointee of the State Board of Education.

3 [] AGAINST constitutional amendments to make the Superintendent of
4 Public Instruction an appointee of the State Board of Education."

5 Those qualified voters favoring the amendments set out in subsections (a)
6 and (b) of this section shall vote by making an "X" or a check mark in the square beside
7 the statement beginning "FOR", and those qualified voters opposed to those
8 amendments shall vote by making an "X" or check mark in the square beside the
9 statement beginning "AGAINST".

10 Notwithstanding the foregoing provisions of this subsection, voting
11 machines may be used in accordance with rules prescribed by the State Board of
12 Elections.

13 (n) If a majority of votes cast thereon are in favor of the amendments set
14 out in subsections (a) and (b) of this section, the State Board of Elections shall certify
15 the amendments to the Secretary of State, who shall enroll the amendments so certified
16 among the permanent records of his office, and the amendments set out in subsections
17 (a) and (b) of this section shall become effective on the earlier of January 1, 1997, and
18 the date that a vacancy occurs in the office of Superintendent of Public Instruction,
19 except that there shall be no election held to fill the office of Superintendent for a term
20 beginning on or after December 31, 1996. If Article III, Section 7(3) of the Constitution
21 would have provided for an election to be held in 1994 for the remainder of the
22 unexpired term caused by a vacancy in the office of the Superintendent of Public
23 Instruction, that election shall not be held and the vacancy shall be filled by the State
24 Board of Education; provided, this sentence only applies if the referendum in subsection
25 (m) of this section occurs before January 1, 1994.

26 (o) Subsections (c) through (l) of this section become effective only if the
27 constitutional amendments set out in subsections (a) and (b) of this section are approved
28 by the voters. If the constitutional amendments are approved by the voters, subsections
29 (c) through (l) of this section shall become effective the earlier of January 1, 1997, and
30 the date that a vacancy occurs in the office of Superintendent of Public Instruction,
31 except that there shall be no election held to fill the office of Superintendent for a term
32 beginning on or after December 31, 1996.

33 (p) This section is effective upon ratification.

34 **PART 10. COLLEGES AND UNIVERSITIES**

35 Requested by: Representative Balmer

36 **UNIVERSITY OF NORTH CAROLINA FULL-TIME EQUIVALENT** 37 **ENROLLMENT**

38 Sec. 27. The Board of Governors of The University of North Carolina shall
39 ensure that the method of calculating full-time equivalent enrollment (FTE) be changed
40 from those undergraduates now taking 12 semester credit hours and less than 15
41 semester credit hours. These students shall be calculated as four-fifths of one FTE.
42 Those undergraduate students taking 15 semester credit hours but less than 18 semester
43 semester credit hours. These students shall be calculated as four-fifths of one FTE.
44 Those undergraduate students taking 15 semester credit hours but less than 18 semester

1 credit hours shall count as one FTE. Those undergraduates taking 18 semester credit
2 hours but less than 21 semester credit hours shall count as one and one-half FTE. For
3 graduate students now taking nine semester credit hours but less than 12 semester credit
4 hours, the new FTE calculation shall count these students as four-fifths of one FTE.
5 Graduate students taking 12 or more semester credit hours shall count as one FTE.
6 These calculations shall be made on an annual basis by averaging the fall and spring
7 academic semesters.

8 The Board of Governors of The University of North Carolina shall revise its
9 methods of estimating and distributing the costs for additional enrollments in a manner
10 that adheres to this new policy of calculating full-time equivalent enrollment.

11
12 Requested by: Representative Balmer

13 **FULL COST OF OUT-OF-STATE TUITION**

14 Sec. 28. G.S. 116-144 reads as rewritten:

15 **"§ 116-144. Higher tuition to be charged nonresidents.**

16 The Board of Governors shall fix the tuition and required fees charged nonresidents
17 of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates ~~higher~~
18 ~~than the rates charged residents of North Carolina and comparable to the rates charged~~
19 ~~nonresident students by comparable public institutions nationwide, necessary to fully~~
20 fund the average educational and general cost of providing undergraduate or graduate
21 education at each institution, except that a person who serves as a graduate teaching
22 assistant or graduate research assistant or in a similar instructional or research
23 assignment and is at the same time enrolled as a graduate student in the same institution
24 may, in the discretion of the Board of Governors, be charged a lower rate fixed by the
25 Board, provided the rate is not lower than the North Carolina resident rate."

26
27 Requested by: Representative Balmer

28 **UNIVERSITY OF NORTH CAROLINA RESIDENT TUITION ISSUES**

29 Sec. 29. (a) The General Assembly finds that the tuition policy at The
30 University of North Carolina, both for undergraduates and graduates, and both for
31 residents and nonresidents, needs to be reexamined in order to reflect better the
32 constitutional mandate to provide higher education free of expense "as far as
33 practicable" by reevaluating the relationship of tuition to cost and by determining what
34 costs must be made up of tuition charged in order to ensure that all eligible North
35 Carolinians are indeed guaranteed a public higher education at the lowest possible cost
36 while maintaining a public higher education system that is worthy of the support of all
37 North Carolinians.

38 (b) The General Assembly finds that undergraduate resident students of The
39 University of North Carolina should pay at least eighteen percent (18%) of the
40 educational and general costs, excluding financial aid, of the average cost of
41 undergraduate education by level of institution.

42 (c) The Board of Governors of The University of North Carolina shall develop
43 and implement plans to phase in the attainment of the level of student contribution set

1 forth in subsection (b) of this section. The phasing in shall begin by the 1993-94
2 academic year and be completed by the 1996-97 academic year.

3 (d) The General Assembly finds that tuition and required fees should be a limited
4 amount of resident students' costs.

5 (e) The Board of Governors of The University of North Carolina shall
6 develop a tuition and fee policy consistent with law that limits tuition and required fees
7 to a specific percentage of less than one-fourth of the cost to undergraduate resident
8 students of attending constituent institutions of The University of North Carolina. The
9 Board shall define the elements of cost to be included in this policy's calculations and
10 shall report these elements of cost to the General Assembly.

11 (f) The Board of Governors of The University of North Carolina shall
12 develop a plan for providing increased State-funded need-based financial aid, with a
13 strong emphasis on a grants program, commensurate with any increase in students'
14 financial needs generated by tuition increases, to students at constituent institutions of
15 The University of North Carolina.

16 (g) The Board of Governors of The University of North Carolina, in
17 accordance with G.S. 116-143, shall develop higher tuition rates for graduate and
18 professional programs. These rates shall be developed after specific analysis of the cost
19 differences between undergraduate and graduate instruction. The new rates shall be
20 based on this analysis.

21 (h) The Board of Governors of The University of North Carolina shall
22 implement its plan for all the tuition increases pursuant to this section beginning with
23 the 1993-94 academic year.

24 25 **PART 11. DEPARTMENT OF COMMERCE**

26
27 Requested by: Representative Balmer

28 **ELIMINATE ENERGY DIVISION**

29 Sec. 30. (a) The Division of Energy in the Department of Commerce is
30 eliminated.

31 (b) The Governor shall ensure the transfer of functions related to the handling of
32 petroleum overcharge funds for weatherization programs from the Department of
33 Commerce to the Department of Human Resources.

34 (c) Oversight and regulatory duties handled by the Division of Energy prior to
35 the implementation of subsections (a) and (b) of this section are transferred to the
36 Utilities Commission by a Type I transfer.

37
38 Requested by: Representative Balmer

39 **ABOLISH N.C. SEAFOOD INDUSTRIAL PARK AUTHORITY**

40 Sec. 31. (a) The North Carolina Seafood Industrial Park Authority shall
41 discontinue operation of the Wanchese Seafood Industrial Park and the State shall sell
42 the property on which the Wanchese Seafood Industrial Park is located.

43 (b) Article 23C of Chapter 113 of the General Statutes is repealed.

44

TITLE III - LINE-ITEM VETO

PART 12. LINE-ITEM VETO

Requested by: Representative Balmer

LINE-ITEM VETO

Sec. 32. (a) Section 22 of Article II of the Constitution of North Carolina reads as rewritten:

~~"Sec. 22. Action on bills. All bills and resolutions of a legislative nature shall be read three times in each house before they become laws, and shall be signed by the presiding officers of both houses.~~

(1) All bills proposing a new or revised Constitution or an amendment or amendments to this Constitution or calling a convention of the people of this State, and containing no other matters, shall be submitted to the qualified voters of this State after they shall have been read three times in each house, and signed by the presiding officers of both houses.

(2) All bills approving an amendment to the Constitution of the United States, or applying for a convention to propose amendments to the Constitution of the United States, and containing no other matters, shall be read three times in each house before they become laws, and shall be signed by the presiding officers of both houses.

(3) Any other bill shall be read three times in each house and shall be signed by the presiding officer of each house before being presented to the Governor. If the Governor approves, he shall sign it and it shall become a law; but if not, he shall return it with his objections to that house in which it shall have originated, which shall enter the objections at large on its journal, and proceed to reconsider it. If after such reconsideration two-thirds of all the members of that house shall agree to pass the bill, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered; and if approved by two-thirds of all the members of that house, it shall become a law notwithstanding the objections of the Governor. In all such cases, the votes of both houses shall be determined by yeas and nays, and the names of the members voting shall be entered on the journal of each house respectively.

(4) If any bill shall not be returned by the Governor within 10 days (Sundays excepted) after it shall have been presented to him, the same shall be a law in like manner as if he had signed it, unless the General Assembly shall, by its adjournment, prevent its return, in which case it shall not become a law without the approval of the Governor.

(5) No bill shall become a law after adjournment of the General Assembly **sine die** unless approved by the Governor within 30 days after such adjournment.

(6) If any bill presented to the Governor contains items of appropriation of money, he may object to one or more of such items while approving of the other portion of the bill. In such a case, he shall append to the bill, at the time of signing it, a statement of the items to which he objects; and the appropriations so objected to shall not take effect. If the General Assembly shall be in session, he shall transmit to the house in which the bill originated a copy of such statement, and the items objected to

1 shall be separately reconsidered. If after such reconsideration any such items be
2 approved by two-thirds of all the members of that house, the item or items approved,
3 together with the Governor's statement of objection thereto, shall be transmitted to the
4 other house and the item separately reconsidered; and if any item be approved by two-
5 thirds of all the members of that house, the same shall be part of the law,
6 notwithstanding the objections of the Governor.

7 (7) All the provisions of this section in relation to bills not approved by the
8 Governor shall apply in cases in which he shall withhold his approval for any item or
9 items contained in a bill appropriating money.

10 (8) For purposes of return of bills not approved by the Governor, the General
11 Assembly shall be considered to be continuously in session until it adjourns **sine die**;
12 and the Principal Clerk of the House of Representatives (or another officer designated
13 by the House of Representatives) and the Principal Clerk of the Senate (or another
14 officer designated by the Senate) shall be deemed proper recipients of such returned
15 bills during recess or adjournment of the General Assembly other than **sine die**.

16 (9) Every joint resolution shall be read three times in each house before it
17 becomes effective, and shall be signed by the presiding officers of both houses.

18 (10) Every order to which the concurrence of both houses of the General
19 Assembly may be necessary shall be presented to the Governor and, before the same
20 shall take effect, be approved by him or, being disapproved by him, shall be repassed by
21 two-thirds of all the members of each house of the General Assembly, according to the
22 rules and limitations prescribed in this section in case of a bill. 'Order' as used in this
23 section is an appointment by the General Assembly to public office (except in the
24 legislative branch) made other than by bill."

25 (b) The amendment set forth in subsection (a) of this section shall be submitted
26 to the qualified voters of the State at the general election in November of 1994, which
27 shall be conducted under the laws then governing elections in the State.

28 (c) At that election, each qualified voter desiring to vote shall be provided a
29 ballot on which shall be printed the following:

30 FOR constitutional amendment granting veto power to the Governor,
31 provided such veto may be overridden by two-thirds vote of each
32 house of the General Assembly.

33 AGAINST constitutional amendment granting veto power to the
34 Governor, provided such veto may be overridden by two-thirds vote of
35 each house of the General Assembly."

36 Those qualified voters favoring the amendment shall vote by marking an "X" or a check
37 mark in the square beside the statement beginning "FOR", and those qualified voters
38 opposed to the amendment shall vote by marking an "X" or a check mark in the square
39 beside the statement beginning "AGAINST".

40 Notwithstanding the foregoing provisions of this section, voting machines
41 may be used in accordance with rules and regulations prescribed by the State Board of
42 Elections.

43 (d) If a majority of votes cast thereon are in favor of the constitutional
44 amendment set out in subsection (a) of this section, then the State Board of Elections

1 shall certify the amendment set out in subsection (a) of this section to the Secretary of
2 State who shall enroll that amendment so certified among the permanent records of his
3 office. This constitutional amendment shall become effective beginning with bills and
4 orders passed in either house of the General Assembly on or after January 1, 1995.

6 TITLE IV - MISCELLANEOUS PROVISIONS

8 PART 13. MISCELLANEOUS PROVISIONS

10 Requested by: Representative Balmer

11 EXECUTIVE BUDGET ACT APPLIES

12 Sec. 33. The provisions of the Executive Budget Act, Chapter 143, Article 1
13 of the General Statutes are reenacted and shall remain in full force and effect and are
14 incorporated in this act by reference.

16 Requested by: Representative Balmer

17 COMMITTEE REPORT

18 Sec. 34. The North Carolina House Republican Caucus General Fund Budget
19 Recommendation, 1993-95 biennium, as amended, authored by Representative David
20 G. Balmer, House Minority Leader, dated April 7, 1993, which was distributed in the
21 House of Representatives on — is incorporated by reference into this act. If there is a
22 conflict between any provision of Sections 1 through 38 of this act and any provisions
23 in the Caucus Recommendation, the provisions of the Caucus Recommendation control.

25 Requested by: Representative Balmer

26 MOST TEXT APPLIES ONLY TO 1993-95

27 Sec. 35. Except for statutory changes or other provisions that clearly indicate
28 an intention to have effects beyond the 1993-95 fiscal biennium, the textual provisions
29 of this act apply only to funds appropriated for, and activities occurring during, the
30 1993-95 fiscal year.

32 Requested by: Representative Balmer

33 EFFECT OF HEADINGS

34 Sec. 36. The headings to the parts and sections of this act are a convenience
35 to the reader and are for reference only. The headings do not expand, limit, or define
36 the text of this act.

38 Requested by: Representative Balmer

39 SEVERABILITY CLAUSE

40 Sec. 37. If any section or provision of this act is declared unconstitutional or
41 invalid by the courts, it does not affect the validity of this act as a whole or any part
42 other than the part so declared to be unconstitutional or invalid.

44 Requested by: Representative Balmer

1 **EFFECTIVE DATE**

2 Sec. 38. Except as otherwise provided, this act becomes effective July 1,
3 1993.