

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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HOUSE BILL 944

Short Title: State Fiscal Responsibility Act.

(Public)

Sponsors: Representatives Barnhart; Morris and McMahan.

Referred to: Rules, Calendar, and Operations of the House.

April 2, 2001

A BILL TO BE ENTITLED

1
2 AN ACT TO PROVIDE THAT THE SAVINGS RESERVE ACCOUNT MUST
3 EQUAL EIGHT PERCENT OF THE AMOUNT APPROPRIATED THE PRIOR
4 FISCAL YEAR FOR THE GENERAL FUND OPERATING BUDGET AND TO
5 LIMIT THE GENERAL FUND OPERATING SIZE TO THE PRIOR FISCAL
6 YEAR'S ACTUAL GENERAL FUND REVENUE COLLECTIONS.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 143-15.1(a) reads as rewritten:

9 "(a) The General Assembly shall enact the Current Operations Appropriations Act
10 by June 15 of odd-numbered years and by June 30 of even-numbered years in which a
11 Current Operations Appropriations Act is enacted. The Current Operations
12 Appropriations Act shall state the amount of General Fund appropriations availability
13 upon which the General Fund budget is based. The statement of availability shall list
14 separately the beginning General Fund credit balance, General Fund revenues, General
15 Fund revenue collections for the prior fiscal year, and any other components of the
16 availability amount.

17 The General Fund operating budget appropriations, including appropriations for
18 local tax reimbursements and local tax sharing, for the second year in a Current
19 Operations Appropriations Act that contains a biennial budget shall not be more than
20 ~~two percent (2%) greater than the General Fund operating budget appropriations total~~
21 revenue collections for the first year of the biennial budget."

22 **SECTION 2.** G.S. 143-15.3 reads as rewritten:

23 "**§ 143-15.3. Use of General Fund credit balance; priority uses.**

24 (a) **(Effective June 30, 2001)** There is established a Savings Reserve Account as
25 a restricted reserve in the General Fund. The State Controller shall reserve to the
26 Savings Reserve Account one-fourth of any unreserved credit balance remaining in the
27 General Fund at the end of each fiscal year until the account contains funds equal to ~~five~~
28 eight percent (5%) (8%) of the amount appropriated the preceding year for the General

1 Fund operating budget, including local government tax-sharing funds, that were directly
2 appropriated. In the event that the one-fourth exceeds the amount necessary to reach the
3 ~~five-eight~~ percent ~~(5%)(8%)~~ level, only funds necessary to reach that level shall be
4 reserved. If there are insufficient funds in the unreserved credit balance for the Savings
5 Reserve Account and the Repairs and Renovations Reserve Account, then the
6 requirements of this section shall be complied with first, and any remaining funds shall
7 be reserved to the Repairs and Renovations Reserve Account, in accordance with G.S.
8 143-15.3A.

9 (a1) If the balance in the Savings Reserve Account falls below the ~~five-eight~~
10 percent ~~(5%)(8%)~~ level during a fiscal year, the State Controller shall, in accordance
11 with subsection (a) of this section, reserve to the Savings Reserve Account for the
12 following fiscal years up to one-fourth of any unreserved credit balance remaining in
13 the General Fund at the end of each fiscal year until the account again equals the ~~five~~
14 ~~eight~~ percent ~~(5%)(8%)~~ level set out in subsection (a) of this section.

15 (b) The Director may not use funds in the Savings Reserve Account unless the
16 use has been approved by an act of the General Assembly."

17 **SECTION 3.** G.S. 143-15.4 reads as rewritten:

18 "**§ 143-15.4. General Fund operating budget size limited.**

19 (a) ~~Size Limitation. Except as otherwise provided in this section, the~~ The General
20 Fund operating budget each fiscal year shall not be greater than seven percent (7%) of
21 the projected total State personal income for that fiscal year. the total revenue
22 collections for the prior fiscal year. For the purpose of this section, the General Fund
23 operating budget includes any appropriations for local tax-sharing, but does not include
24 appropriations for (i) capital expenditures or (ii) one-time expenditures due to natural
25 disasters, federal mandates, or other emergencies.

26 (b) ~~Increase in Size Limitation. To the extent that any percent increase in~~
27 ~~appropriations for a fiscal year for (i) Medicaid, (ii) operation of prisons, or (iii) the~~
28 ~~costs of providing health insurance for teachers and State employees, exceeds the~~
29 ~~percent increase in State personal income growth for the same period, the limitation on~~
30 ~~the size of the General Fund operating budget provided in subsection (a) of this section~~
31 ~~for that fiscal year shall be increased by the dollar amount represented by the excess~~
32 ~~percentage. For all subsequent fiscal years, the percent limitation contained in~~
33 ~~subsection (a) shall then be increased to reflect that dollar adjustment.~~

34 (c) ~~Fiscal Reports. The Office of State Budget, Planning, and Management and~~
35 ~~the Fiscal Research Division of the General Assembly shall each submit a tentative~~
36 ~~estimate of total State personal income for the upcoming fiscal year to the General~~
37 ~~Assembly no later than February 1 of each year. The Office and the Fiscal Research~~
38 ~~Division shall each submit a final projection of total State personal income for the~~
39 ~~upcoming fiscal year to the General Assembly no later than May 1 of each year. The~~
40 ~~General Assembly shall use the lower of the two final projections to calculate the~~
41 ~~limitation on the size of the General Fund operating budget provided in this section."~~

42 **SECTION 4.** This act becomes effective July 1, 2001.