

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

**SENATE BILL 274
RATIFIED BILL**

AN ACT TO MAKE ADJUSTMENTS TO THE BUDGET TO DIRECT SAVINGS IDENTIFIED BY THE BLUE RIBBON COMMISSION ON MEDICAID REFORM TO REPLENISH THE MEDICAID TRUST FUND, TO PROVIDE FOR REVIEW OF 2004-2005 FISCAL YEAR AVAILABILITY, TO PROVIDE CONTINGENCIES FOR FAILURE TO IDENTIFY ADEQUATE SURPLUS PROPERTY TO BE SOLD, TO PROVIDE REVENUE SHORTFALL CONTINGENCY PREPARATIONS, TO REPLENISH CONTINGENCY AND EMERGENCY FUND ALLOCATIONS, AND TO MAINTAIN THE CURRENT LAW ON RECEIPTS.

The General Assembly of North Carolina enacts:

DIRECT SAVINGS IDENTIFIED BY BLUE RIBBON COMMISSION ON MEDICAID REFORM TO REPLENISH MEDICAID TRUST FUND

SECTION 1. If House Bill 397, 2003 Regular Session, becomes law, Section 6.14A of that act is amended by adding a new subsection to read:

"SECTION 6.14A.(c) Cost savings resulting from measures identified by the North Carolina Blue Ribbon Commission on Medicaid Reform established by this section shall first be used to replenish the Medicaid Trust Fund in order to meet expected federal obligations in the 2004-2005 fiscal year. If these cost savings are not established by July 1, 2004, then the General Assembly shall identify in the bill revising the 2004-2005 budget other funds to replenish the Medicaid Trust Fund in an amount sufficient to meet expected federal obligations."

2004-2005 FISCAL YEAR AVAILABILITY

SECTION 2. If House Bill 397, 2003 Regular Session, becomes law, then Section 6.23 of that act is amended by adding a new subsection to read:

"SECTION 6.23.(a1) By November 1, 2003, the Joint Legislative Commission on Governmental Operations shall review the balances in all special funds and recommend those special funds from which the transfers are to be made under this section for the 2003-2004 fiscal year. The General Assembly shall identify in the bill revising the 2004-2005 budget the special funds that may be transferred by the Office of State Budget and Management for the 2004-2005 fiscal year and used to meet the General Fund availability for that fiscal year."

CONTINGENCIES FOR FAILURE TO IDENTIFY ADEQUATE SURPLUS PROPERTY TO BE SOLD

SECTION 3. If House Bill 397, 2003 Regular Session, becomes law, then Section 6.8(b) of that act reads as rewritten:

"SECTION 6.8.(b) Establish State-Owned Surplus Real Property Disposal System; Purpose; Use of Proceeds. – The Department of Administration, in consultation with the Office of State Budget and Management, the Department of Transportation, The University of North Carolina, and all other affected State departments, agencies, and institutions, shall develop and implement a State-owned surplus real property disposal system. The purpose of the system is to establish a uniform real property disposal system that will continuously identify State-owned surplus real property, evaluate that property, and dispose of that property as appropriate. Within 60 days after receiving the list from the State Property Office, the Joint Legislative Commission on Governmental

Operations shall review the list of State-owned surplus real property and recommend which properties they wish to be sold. Unless otherwise provided by law, the clear proceeds of the sale of State-owned surplus real property shall be credited to the General Fund. It is the intent of the General Assembly that these proceeds shall partially offset debt service costs occasioned by the use of Certificates of Participation to finance the repair and renovation of State buildings. If the clear proceeds from the disposal of such property are not expected to generate the expected availability of funds contemplated under this section to be used to offset debt service by June 30, 2005, the General Assembly shall identify in the bill revising the 2004-2005 budget other sources of funds to fund the debt service."

REVENUE SHORTFALL CONTINGENCY PREPARATIONS

SECTION 4. If House Bill 397, 2003 Regular Session, becomes law, Section 2.2(e) of that act reads as rewritten:

"**SECTION 2.2.(e)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, the State Controller shall transfer only one hundred fifty million dollars (\$150,000,000) from the unreserved credit balance to the Savings Reserve Account on June 30, 2003. This is not an "appropriation made by law", as that phrase is used in Article V, Section 7(1) of the North Carolina Constitution.

However, if the Director of the Budget finds by February 28, 2004, that economic growth forecasts for the 2004-2005 fiscal year indicate a shortfall in revenue below that anticipated by this act, then for every one-half percent (0.5%) below five and one-half percent (5.5%) in anticipated growth for the 2004-2005 fiscal year, fifty million dollars (\$50,000,000) may be transferred from the Savings Reserve Account on or after July 1, 2004, to support fiscal year 2004-2005 General Fund appropriations up to the balance of the Savings Reserve Account.

This subsection becomes effective June 30, 2003."

REPLENISH CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 5. If House Bill 397, 2003 Regular Session, becomes law, Section 6.4 of that act reads as rewritten:

"**SECTION 6.4.(a)** Funds in the amount of five million dollars (\$5,000,000) for the 2003-2004 fiscal year and five million dollars (\$5,000,000) for the 2004-2005 fiscal year are appropriated in this act to the Contingency and Emergency Fund. Of these funds:

- (1) Up to two million dollars (\$2,000,000) for the 2003-2004 fiscal year may be used for purposes related to the Base Realignment and Closure Act (BRAC); and
- (2) Up to two hundred fifty thousand dollars (\$250,000) for the 2003-2004 fiscal year may be expended for statutory purposes other than those set out in G.S. 143-23(a1)(2) or in subdivision (1) of this section.

The remainder of these funds shall be expended only for the purposes outlined in G.S. 143-23(a1)(2).

SECTION 6.4.(b) If funds are expended from the Contingency and Emergency Fund for the purposes set out in subdivision (a)(1) or (a)(2) of this section, the Director of the Budget may use funds otherwise appropriated from the General Fund under this act to replenish the Contingency and Emergency Fund by the same amount."

MAINTAIN CURRENT LAW ON RECEIPTS

SECTION 6. If House Bill 397, 2003 Regular Session, becomes law, Section 6.2 of that act is repealed.

SECTION 7. This act is effective when it becomes law.
In the General Assembly read three times and ratified this the 30th day of
June, 2003.

Beverly E. Perdue
President of the Senate

Richard T. Morgan
Speaker of the House of Representatives

Michael F. Easley
Governor

Approved _____m. this _____ day of _____, 2003