

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

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**SENATE BILL 13
Appropriations/Base Budget Committee Substitute Adopted 2/2/11
Third Edition Engrossed 2/7/11**

Short Title: Balanced Budget Act of 2011. (Public)

Sponsors:

Referred to:

February 1, 2011

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE BALANCED BUDGET ACT OF 2011.
3 The General Assembly of North Carolina enacts:

4
5 **TITLE OF ACT**

6 **SECTION 1.** This act shall be known as the "Balanced Budget Act of 2011."
7

8 **AUTHORITY FOR THE GOVERNOR TO REDUCE EXPENDITURES**

9 **SECTION 2.** Notwithstanding the State Budget Act or any other provision of law,
10 the Director of the Budget is authorized to take all actions necessary to reduce General Fund
11 expenditures for the remainder of fiscal year 2010-2011. This grant of authority includes all
12 powers to balance the budget granted the Governor under Article III, Section 5 of the
13 Constitution. For the remainder of the 2010-2011 fiscal year, the Director of the Budget shall
14 exercise these powers with a goal of reducing recurring expenditures by at least four hundred
15 million dollars (\$400,000,000).
16

17 **CHANGES TO THE 2010-2011 AVAILABILITY STATEMENT**

18 **SECTION 3.** Section 2.2(a) of S.L. 2010-31 reads as rewritten:

19 **"SECTION 2.2.(a)** Section 2.2(a) of S.L. 2009-451 is repealed. The General Fund
20 availability used in adjusting the 2010-2011 budget is shown below:
21

	FY 2010-2011
22	
23	
24 Unappropriated Balance Remaining from Previous Year	3,702,182
25 Adjustment from Estimated to Actual FY 2009-2010 Beginning Unreserved	
26 Fund Balance	270,080
27 Beginning Unreserved Fund Balance	3,972,262
28	
29 Revenues Based on Existing Tax Structure	18,199,339,016
30	
31 Nontax Revenues	
32 Investment Income	57,500,000
33 Judicial Fees	239,100,000
34 Disproportionate Share	100,000,000
35 Insurance	67,000,000



1	Other Nontax Revenues	182,700,000	
2	Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000	
3	Highway Fund Transfer	17,600,000	
4	Subtotal Nontax Revenues	736,700,000	
5			
6	Total General Fund Availability	18,940,011,278	
7			
8	Adjustments to Availability: Senate Bill 897 Availability		
9	Internal Revenue Code Conformity	(7,700,000)	
10	Unemployment Insurance Refundable Tax Credit	(34,100,000)	
11	Increase Sales Tax Prepayment Threshold	(7,000,000)	
12	Relieve Annual Report Compliance Burden on Small Businesses	(400,000)	
13	Fair Tax Penalties	0	
14	Extend Sunsets on Various Tax Incentives	(3,500,000)	
15	Improve Tax and Debt Collection Process	3,000,000	
16	Modernize Sales Tax on Accommodations	1,700,000	
17	Modernize Admissions Tax and Restore Amenities Exclusion	(700,000)	
18	Reserve for Pending Finance Legislation	(9,800,000)	
19	Reduce Franchise Tax Burden on Construction Companies	(1,500,000)	
20	Department of Revenue Settlement Initiative	110,000,000	
21	Disproportionate Share	35,000,000	
22	Loss of Estate Tax Revenues for FY 2010-2011	(85,000,000)	
23	Increase Justice and Public Safety Fees	13,930,670	
24	Transfer from the Health and Wellness Trust Fund	<u>5,397,000</u>	
25		<u>17,045,800</u>	
26	Transfer Aviation from Department of Commerce to Department		
27	of Transportation	(500,000)	
28	Transfer from Wildlife Resources Commission	<u>3,000,000</u>	
29		<u>8,000,000</u>	
30	Divert Funds from Scrap Tire Disposal Account	2,500,000	
31	Divert Funds from White Goods Fund	1,200,000	
32	Transfer from Mercury Pollution Prevention Fund	2,250,000	
33	Transfer from Bladen Lakes Special Fund	150,000	
34	Transfer from DACS – N.C. State Fair	1,000,000	
35	Transfer from ECU Magnetic Resonance Imaging Lease and Equipment		
36	Fund	1,000,000	
37	Adjust Transfer from Insurance Regulatory Fund	(2,176,454)	
38	Transfer from Motorfleet Internal Services Fund	14,000,000	
39	<u>Transfer from Golden LEAF Funds</u>	<u>67,563,760</u>	
40	<u>Transfer from Tobacco Trust Fund</u>	<u>2,800,000</u>	
41			
42	<u>Various Budget Fund Transfers to General Fund</u>		
43	<u>Budget Fund</u>		
44	<u>Code Code Description</u>		
45	<u>24667</u>	<u>Information Technology Fund</u>	<u>1,000,000</u>
46	<u>74660</u>	<u>Information Technology Internal Service Fund</u>	<u>7,586,800</u>
47	<u>24669</u>	<u>ITS Wireless Fund</u>	<u>5,000,000</u>
48	<u>74500</u> <u>7100</u>	<u>Correction Enterprise Fund</u>	<u>3,000,000</u>
49	<u>24609</u> <u>2560</u>	<u>One North Carolina Fund</u>	<u>5,208,333</u>
50		<u>Department of Agriculture & Consumer Services (various</u>	
51		<u>special funds)</u>	<u>1,500,000</u>

1	<u>63702</u>	<u>6208</u>	<u>Farmland Preservation Trust Fund</u>	<u>1,800,000</u>
2	<u>54600</u>	<u>5881</u>	<u>Alcoholic Beverage Control Commission Fund</u>	<u>950,000</u>
3	<u>24609</u>	<u>2567</u>	<u>Industrial Development Utility</u>	<u>2,500,000</u>
4	<u>19944</u>		<u>Job Development Investment Grants (JDIG)</u>	<u>3,000,000</u>
5	<u>24300</u>	<u>2911</u>	<u>SWC CREP/Expansion</u>	<u>500,000</u>
6	<u>24300</u>	<u>2865</u>	<u>Aquariums Special Fund</u>	<u>1,500,000</u>
7	<u>24309</u>	<u>2235</u>	<u>Parks and Recreation Trust Fund</u>	<u>8,500,000</u>
8	<u>24611</u>	<u>2200</u>	<u>Industrial Commission – IT Projects Fund</u>	<u>1,000,000</u>
9	<u>24100</u>	<u>2514</u>	<u>E-Commerce Reserve</u>	<u>4,630,891</u>
10				
11	Subtotal Adjustments to Availability: Senate Bill 897 Availability			<u>41,751,216,176,439,800</u>
12				
13	Revised General Fund Availability			<u>18,981,762,494,116,451,078</u>
14	Less General Fund Appropriations			<u>18,958,293,337,18,958,994,212</u>
15				
16	Balance Remaining			<u>23,469,157,157,456,866"</u>
17				

REVERSIONS TO THE GENERAL FUND

19 SECTION 3.1.(a) Effective June 30, 2011, the following amounts are reverted to
20 the General Fund:

22	Code	Code	Description	
23	11000	1900	General Assembly Reserve	1,901,522
24	13085	1900	Department of Insurance Reserve	1,150,693

25 SECTION 3.1.(b) G.S. 143C-1-2(b) does not apply to the reversion from the
26 General Assembly Reserve in subsection (a) of this section.

TRANSFER GOLDEN LEAF FUNDS

29 SECTION 4.(a) Pursuant to Section 2(b) of S.L. 1999-2, the fifty percent (50%) of
30 the 2011 annual installment payment to the North Carolina State Specific Account that would
31 have been transferred to The Golden L.E.A.F. (Long-Term Economic Advancement
32 Foundation), Inc., is transferred to a General Fund account within the Settlement Reserve Fund
33 to be used to support General Fund appropriations for the 2010-2011 fiscal year. The Attorney
34 General shall take all necessary actions to notify the court in the action entitled State of North
35 Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice,
36 Superior Court Division, Wake County, North Carolina, and the administrators of the State
37 Specific Account established under the Master Settlement Agreement of this action by the
38 General Assembly redirecting the payment set forth in this section.

39 SECTION 4.(b) A General Fund Account is established in the Settlement Reserve
40 Fund. In 2011, the portion of the Master Settlement Agreement payment identified in Section
41 6(1) of S.L. 1999-2 shall be credited to the General Fund Account. The State Controller shall
42 transfer all funds in the General Fund Account to the General Fund.

43 SECTION 4.(c) Funds transferred from the General Fund Account to the General
44 Fund shall be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General
45 Fund appropriations for the 2010-2011 fiscal year.

TRANSFER HEALTH AND WELLNESS TRUST FUNDS

48 SECTION 5. Section 2.2(i) of S.L. 2009-451, as rewritten by Section 2.2(f) of S.L.
49 2010-31, reads as rewritten:

50 "SECTION 2.2.(i) Notwithstanding G.S. 143C-9-3, of the funds credited to the Health
51 Trust Account, the sum of ~~ten million three hundred ninety seven thousand dollars~~

1 ~~(\$10,397,000)~~twenty-two million forty-five thousand eight hundred dollars (\$22,045,800) that
2 would otherwise be deposited in the Fund Reserve shall be transferred from the Department of
3 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller
4 to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund
5 appropriations for the ~~2009-2010 and 2010-2011~~ fiscal ~~years~~year. These funds shall be
6 transferred on or after April 30, 2010."
7

8 **TRANSFER TOBACCO TRUST FUNDS**

9 **SECTION 6.** Section 2.2(h) of S.L. 2009-451, as rewritten by Section 2.2(i) of S.L.
10 2010-31, reads as rewritten:

11 "**SECTION 2.2.(h)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco
12 Trust, the sum of ~~five million dollars (\$5,000,000)~~seven million eight hundred thousand dollars
13 (\$7,800,000) shall be transferred from the Department of Agriculture and Consumer Services,
14 Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax
15 Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the
16 2010-2011 fiscal year. These funds shall be transferred on or after April 30, 2011."
17

18 **TRANSFER FROM THE INDUSTRIAL COMMISSION – IT FUND**

19 **SECTION 6.1.** Section 14.15 of S.L. 2009-451 reads as rewritten:

20 "**SECTION 14.15.** ~~The~~For the 2010-2011 fiscal year, the North Carolina Industrial
21 Commission may retain ~~the additional revenue generated as a result of an increase in the fee~~
22 ~~charged to parties for the filing of compromised settlements~~all overrealized receipts. These
23 funds shall be used for the purpose of replacing existing computer hardware and software used
24 for the operations of the Commission. These funds may also be used to prepare any assessment
25 of hardware and software needs prior to purchase and to develop and administer the needed
26 databases and new Electronic Case Management System, including the establishment of two
27 time-limited positions for application development and support and mainframe migration. ~~The~~
28 ~~Commission may not retain any fees under this section unless they are in excess of the former~~
29 ~~two hundred dollar (\$200.00) fee charged by the Commission for filing a compromised~~
30 ~~settlement."~~
31

32 **EFFECTIVE DATE**

33 **SECTION 7.** This act is effective when it becomes law and applies to fiscal year
34 2010-2011 only.
35