

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

S

2

**SENATE BILL 13
Appropriations/Base Budget Committee Substitute Adopted 2/2/11**

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19 **"SECTION 2.2.(a)** Section 2.2(a) of S.L. 2009-451 is repealed.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
36 Other Nontax Revenues	182,700,000
37 Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000



1	Highway Fund Transfer	17,600,000	
2	Subtotal Nontax Revenues	736,700,000	
3			
4	Total General Fund Availability	18,940,011,278	
5			
6	Adjustments to Availability: Senate Bill 897 <u>Availability</u>		
7	Internal Revenue Code Conformity	(7,700,000)	
8	Unemployment Insurance Refundable Tax Credit	(34,100,000)	
9	Increase Sales Tax Prepayment Threshold	(7,000,000)	
10	Relieve Annual Report Compliance Burden on Small Businesses	(400,000)	
11	Fair Tax Penalties	0	
12	Extend Sunsets on Various Tax Incentives	(3,500,000)	
13	Improve Tax and Debt Collection Process	3,000,000	
14	Modernize Sales Tax on Accommodations	1,700,000	
15	Modernize Admissions Tax and Restore Amenities Exclusion	(700,000)	
16	Reserve for Pending Finance Legislation	(9,800,000)	
17	Reduce Franchise Tax Burden on Construction Companies	(1,500,000)	
18	Department of Revenue Settlement Initiative	110,000,000	
19	Disproportionate Share	35,000,000	
20	Loss of Estate Tax Revenues for FY 2010-2011	(85,000,000)	
21	Increase Justice and Public Safety Fees	13,930,670	
22	Transfer from the Health and Wellness Trust Fund	<u>5,397,000</u>	
23		<u>17,045,800</u>	
24	Transfer Aviation from Department of Commerce to Department		
25	of Transportation	(500,000)	
26	Transfer from Wildlife Resources Commission	<u>3,000,000</u>	
27		<u>8,000,000</u>	
28	Divert Funds from Scrap Tire Disposal Account	2,500,000	
29	Divert Funds from White Goods Fund	1,200,000	
30	Transfer from Mercury Pollution Prevention Fund	2,250,000	
31	Transfer from Bladen Lakes Special Fund	150,000	
32	Transfer from DACS – N.C. State Fair	1,000,000	
33	Transfer from ECU Magnetic Resonance Imaging Lease and Equipment		
34	Fund	1,000,000	
35	Adjust Transfer from Insurance Regulatory Fund	(2,176,454)	
36	Transfer from Motorfleet Internal Services Fund	14,000,000	
37	<u>Transfer from Golden LEAF Funds</u>	<u>67,563,760</u>	
38	<u>Transfer from Tobacco Trust Fund</u>	<u>2,800,000</u>	
39			
40	<u>Various Budget Fund Transfers to General Fund</u>		
41	<u>Budget Fund</u>		
42	<u>Code Code Description</u>		
43	<u>24667</u>	<u>Information Technology Fund</u>	<u>1,000,000</u>
44	<u>74660</u>	<u>Information Technology Internal Service Fund</u>	<u>7,586,800</u>
45	<u>24669</u>	<u>ITS Wireless Fund</u>	<u>5,000,000</u>
46	<u>66012</u>	<u>Cap University Cancer Research Fund at \$50M</u>	<u>4,700,000</u>
47	<u>74500</u> <u>7100</u>	<u>Correction Enterprise Fund</u>	<u>3,000,000</u>
48	<u>24609</u> <u>2560</u>	<u>One North Carolina Fund</u>	<u>5,208,333</u>
49		<u>Department of Agriculture & Consumer Services (various</u>	
50		<u>special funds)</u>	<u>1,500,000</u>
51	<u>23700</u> <u>2108</u>	<u>Farmland Preservation Trust Fund</u>	<u>1,800,000</u>

1	<u>54600</u>	<u>5881</u>	<u>Alcoholic Beverage Control Commission Fund</u>	<u>950,000</u>
2	<u>24609</u>	<u>2567</u>	<u>Industrial Development Utility</u>	<u>2,500,000</u>
3	<u>19013</u>		<u>Job Development Investment Grants (JDIG)</u>	<u>3,000,000</u>
4	<u>24300</u>	<u>2911</u>	<u>SWC CREP/Expansion</u>	<u>500,000</u>
5	<u>24300</u>	<u>2865</u>	<u>Aquariums Special Fund</u>	<u>1,500,000</u>
6	<u>24309</u>	<u>2235</u>	<u>Parks and Recreation Trust Fund</u>	<u>8,500,000</u>
7	<u>14600</u>	<u>1831</u>	<u>Industrial Commission (over-realized receipts)</u>	<u>1,000,000</u>
8	<u>24100</u>	<u>2514</u>	<u>E-Commerce Reserve</u>	<u>4,630,891</u>
9			<u>General Assembly Reserve</u>	<u>1,901,522</u>
10	<u>13085</u>	<u>1900</u>	<u>Department of Insurance Reserve</u>	<u>1,150,693</u>

11
12 **Subtotal Adjustments to Availability: Senate Bill 897 Availability** **41,751,216**184,192,015

13
14 **Revised General Fund Availability** **18,981,762,494**19,124,203,293
15 **Less General Fund Appropriations** **18,958,293,337**

16
17 **Balance Remaining** **23,469,157**165,209,081"

18
19 **TRANSFER GOLDEN LEAF FUNDS**

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

30 **SECTION 4.(b)** A General Fund Account is established in the Settlement Reserve
31 Fund. In 2011, the portion of the Master Settlement Agreement payment identified in Section
32 6(1) of S.L. 1999-2 shall be credited to the General Fund Account. The State Controller shall
33 transfer all funds in the General Fund Account to the General Fund.

34 **SECTION 4.(c)** Funds allocated from the General Fund Account to the General
35 Fund shall be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General
36 Fund appropriations for the 2010-2011 fiscal year.

37
38 **TRANSFER HEALTH AND WELLNESS TRUST FUNDS**

39 **SECTION 5.** Section 2.2(i) of S.L. 2009-451, as rewritten by Section 2.2(f) of S.L.
40 2010-31, reads as rewritten:

41 "**SECTION 2.2.(i)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Health
42 Trust Account, the sum of ~~ten million three hundred ninety seven thousand dollars~~
43 ~~(\$10,397,000)~~twenty-two million forty-five thousand eight hundred dollars (\$22,045,800) that
44 would otherwise be deposited in the Fund Reserve shall be transferred from the Department of
45 State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller
46 to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund
47 appropriations for the ~~2009-2010 and~~ 2010-2011 fiscal years. These funds shall be
48 transferred on or after April 30, 2010."

49
50 **TRANSFER TOBACCO TRUST FUNDS**

1 **SECTION 6.** Section 2.2(h) of S.L. 2009-451, as rewritten by Section 2.2(i) of S.L.
2 2010-31, reads as rewritten:

3 "**SECTION 2.2.(h)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco
4 Trust, the sum of ~~five million dollars (\$5,000,000)~~seven million eight hundred thousand dollars
5 (\$7,800,000) shall be transferred from the Department of Agriculture and Consumer Services,
6 Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax
7 Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the
8 2010-2011 fiscal year. These funds shall be transferred on or after April 30, 2011."

9
10 **EFFECTIVE DATE**

11 **SECTION 7.** This act is effective when it becomes law and applies to fiscal year
12 2010-2011 only.