

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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1

HOUSE BILL 2293

Short Title: 1990 Budget Reform Act.

(Public)

Sponsors: Representatives Pope; Arnold, Bowie, Bowman, Culp, Esposito, Gardner, Grady, Gray, Hall, Hege, Sam Hunt, H. Hunter, Hurley, Jones, Lail, Privette, Rhyne, Sizemore, Warner, P. Wilson, and Wood.

Referred to: Finance.

June 4, 1990

A BILL TO BE ENTITLED

1 AN ACT TO RESTRUCTURE THE GENERAL FUND BUDGET PROCESS SO AS
2 TO ASSURE MORE STABLE BUDGETING, BY PROVIDING FOR USE OF
3 THE PRIOR CALENDAR YEAR'S COLLECTIONS AS THE REVENUE
4 ESTIMATES, LIMITING USE OF REVERSIONS TO ONE-TIME
5 EXPENDITURES, PROVIDING FOR ANNUAL BUDGETS, PROVIDING FOR
6 A RESERVE FUND, AND STREAMLINING THE LEGISLATIVE PROCESS AS
7 A RESULT.
8

9 The General Assembly of North Carolina enacts:

10 **PART 1. STATUTORY CHANGES**

11 ---REVENUE ESTIMATES/ANNUAL BUDGET

12 Section 1. The Executive Budget Act, Article 1 of Chapter 143 of the
13 General Statutes, is amended by adding the following new sections:

14 "**§ 143-2.1. Collections for prior calendar year to be revenue estimates for next**
15 **fiscal year.**

16 (a) In preparing the budget for a fiscal year, the Governor shall use as the State
17 funds revenue estimate for the General Fund no more than the total State funds received
18 for the calendar year ending December 31 immediately prior to the fiscal year, with the
19 following changes only:

20 (1) If any revenue decreases were effective for only part of that calendar
21 year, an annualized total of the impact of such decreases;

- 1 (2) If the budget proposes any revenue reductions to be effective during
2 the fiscal year, the total estimated amount of such reductions during
3 the fiscal year;
- 4 (3) Any one-time revenues in the prior calendar year shall not be included
5 in the revenue estimates; and
- 6 (4) If the budget proposes any revenue increases due to increases in taxes
7 or fees to be enacted, or new taxes or fees to be enacted, an estimate of
8 collections of such increased or new taxes or fees may be made.
- 9 (b) In enacting the budget for a fiscal year, the General Assembly shall use as the
10 revenue estimate no more than the total State funds received for the calendar year
11 ending December 31 immediately prior to the fiscal year, with the following changes
12 only:
- 13 (1) If any revenue decreases were effective for only part of that calendar
14 year, an annualized total of the impact of such decreases;
- 15 (2) If the budget proposes or assumes any revenue reductions to be
16 effective during the fiscal year, the total estimated amount of such
17 reductions during the fiscal year;
- 18 (3) Any one-time revenues in the prior calendar year shall not be included
19 in the revenue estimates; and
- 20 (4) If the budget proposes any revenue increases due to increases in taxes
21 or fees to be enacted, or new taxes or fees to be enacted, an estimate of
22 collections of such increased or new taxes or fees may be made, but
23 the revenue estimate for that fiscal year may not exceed the lower of
24 an estimate made by the Fiscal Research Division or an estimate made
25 by the Office of Management and Budget.
- 26 (c) If the budget estimates any credit balance at the end of the fiscal year ending
27 immediately prior to the beginning of the fiscal year covered by the budget, two-thirds
28 of that credit balance may be proposed only for capital projects, or other projects with a
29 fiscal impact only in that fiscal year.
- 30 (d) Revenue from borrowings in the prior calendar year shall not be included in
31 the estimates, unless expenditure of the funds is proposed during the fiscal year covered
32 by the proposed budget. Proposed revenue from borrowing in the proposed budget shall
33 only be included to the extent that appropriations against such borrowings are budgeted.
- 34 (e) If the General Assembly appropriates any credit balance in the State treasury
35 at the end of the fiscal year ending immediately prior to the beginning of the fiscal year
36 covered by the budget, two-thirds of that credit balance may be appropriated only for
37 capital projects, or other projects with a fiscal impact only in that fiscal year.
- 38 (f) The purpose of this section is to provide an estimate to be used in the budget
39 process, so that enactment of the budget need not wait until the end of the fiscal year.
40 This will enable shortening of the legislative session, as well as allowing State agencies
41 and local governments adequate time to implement the adopted budget.
- 42 (g) In order to provide transition in implementing this section, the Governor or
43 General Assembly may add to the revenue estimate under subsections (a) or (b) of this
44 section, as appropriate, not more than the following:

FISCAL YEAR MAXIMUM AMOUNT TO BE ADDED

1991-92 ___ Not more than seventy-five percent (75%) of the increase of State funds received in Calendar Year 1990 over Calendar Year 1989

1992-93 ___ Not more than fifty percent (50%) of the increase of State funds received in Calendar Year 1991 over Calendar Year 1990

1993-94 ___ Not more than twenty-five percent (25%) of the increase of State funds received in Calendar Year 1992 over Calendar Year 1991.

§ 143-2.2. Reserve Fund.

(a) There is established in the State treasury a Reserve Fund.

(b) The General Assembly hereby appropriates to the Reserve Fund one-third of any General Fund credit balance in the State treasury at the end of the fiscal year ending immediately prior to the fiscal year covered by the budget.

(c) If the Director of the Budget determines:

(1) Pursuant to the provisions of G.S. 143-25 that the aggregate revenues collected and available during a fiscal year are not sufficient to pay all of the appropriations for that fiscal year in full; or

(2) Pursuant to the provisions of Article III, Section 5(3) of the Constitution of North Carolina that receipts during a fiscal year, when added to the surplus remaining in the State treasury at the beginning of the fiscal year will not be sufficient to meet budgeted expenditures

he may, in his discretion, transfer funds from the Reserve Fund to pay the appropriations for the fiscal year in full. If the Director of the Budget decides not to transfer the funds from the General Reserve Fund as provided in this section, he shall proceed as provided in G.S. 143-25 or Article III, Section 5(3) of the Constitution to administer the budget so as to prevent any overdraft or deficit.

(d) During any fiscal year, the Governor and Council of State may allocate out of the Reserve Fund monies in a total not to exceed ten percent (10%) of the total in the fund at the beginning of the fiscal year for contingencies and emergencies, as follows: Any institution, department, commission, or other agency or activity of the State, or other activity in which the State is interested, desiring an allotment out of the Reserve Fund, shall upon forms prescribed and furnished by the Director of the Budget, present such request in writing to the Director of the Budget, with such information as he may require, and if the Director of the Budget shall approve such request, in whole or in part, he shall forthwith present the same to the Governor and Council of State, and upon their order only shall such allotment be made. If the Director shall disapprove the request of such an allotment out of the Reserve Fund, he shall transmit his refusal and his reason therefor to the Governor and Council of State for their information.

Funds allocated from the Reserve Fund under this subsection may be used only for the purpose for which they were allocated and may not be reallocated for another purpose by the Governor and the Council of State. If the funds are not spent or encumbered for the purpose for which they were allocated by the end of the fiscal year

1 and if the Governor and the Council of State do not reallocate them for that same
2 purpose, the funds shall revert to the Reserve Fund. Also, if the funds are not needed for
3 the purpose for which they were allocated, the funds shall revert to the Reserve Fund.

4 Any statute providing for funds to be allocated out of the Contingency and
5 Emergency Fund provides authority for such funds to be allocated out of the Reserve
6 Fund under the procedures of this subsection, within the percentage limitation provided
7 by this subsection.

8 (e) The General Assembly may make appropriations out of the Reserve Fund, but
9 such appropriations must be for one-time use, and may be made only while the General
10 Assembly is convened in Extra Session.

11 (f) If the total of funds in the Reserve Fund exceeds by at least one hundred fifty
12 million dollars (\$150,000,000) the result of multiplying three percent (3%) by the total
13 General Fund appropriation for the prior fiscal year, the excess over that three percent
14 (3%) shall be rebated pro-rata per capita to the taxpayers who paid North Carolina
15 Individual Income Tax for the previous calendar year. Such rebate shall be paid by the
16 Department of Revenue upon certification by the State Treasurer that such rebate is
17 required by this section, and shall be made in accordance with rules adopted by the
18 Department of Revenue. Copies of such certification, and the per capita amount of the
19 rebate to be issued, shall be transmitted also to the General Assembly, the State
20 Controller, and the Office of State Budget and Management.

21 (g) Investment earnings of the Reserve Fund shall be credited to the General
22 Fund.

23 **"§ 143-2.3. Annual budget.**

24 The Governor shall propose and the General Assembly shall enact a budget
25 covering one fiscal year only, that being the fiscal year commencing on July 1 of the
26 year of enactment of the bill."

27 —LIMIT LEGISLATIVE SESSION LENGTH

28 Sec. 2. G.S. 120-11.1 reads as rewritten:

29 **"§ 120-11.1. Time of meeting.**

30 The regular session of the Senate and House of Representatives shall be held
31 biennially beginning on the first ~~Wednesday after the second Monday in January~~ Monday in
32 February next after their election. The regular session shall adjourn in the odd-
33 numbered year not later than the last Friday in April, as provided by joint resolution, to
34 reconvene in the next even-numbered year on the first Monday in February, and shall
35 adjourn **sine die** not later than the last Friday in April, as provided by joint resolution;
36 provided that in 1991 and decennially thereafter, the General Assembly may continue in
37 session in the odd-numbered year beyond the last Friday in April, but only for the
38 consideration of redistricting of the Senate, the House of Representatives, the United
39 States House of Representatives, and units of local government, and for any changes in
40 election laws required by the redistricting."

41 Sec. 3. G.S. 120-3.1(c) reads as rewritten:

42 "(c) When the General Assembly by joint action of the two houses adjourns to a
43 day certain, which day is more than three days after the date of adjournment, the period
44 between the date of adjournment and the date of reconvening shall for the purposes of

1 this section be deemed to be a period when the General Assembly is not in session, and
 2 no member shall be entitled to subsistence and travel allowance during that period,
 3 except under circumstances which would entitle him to subsistence and travel allowance
 4 when the General Assembly is not in session. If the General Assembly remains in
 5 session in any:

6 (1) Odd-numbered year after the date when G.S. 120-11.1 requires
 7 adjournment until the even-numbered year; or

8 (2) Even-numbered year after the date when G.S. 120-11.1 requires
 9 adjournment **sine die**,

10 the period until such adjournment or adjournment **sine die** shall for the purposes of this
 11 section be deemed to be a period when the General Assembly is not in session, and no
 12 member shall be entitled to subsistence and travel allowance during that period."

13 —CONFORMING AMENDMENTS/EXECUTIVE BUDGET ACT

14 Sec. 4. G.S. 143-4.1 reads as rewritten:

15 "**§ 143-4.1. Biennial Annual inspection.**

16 The Commission shall make ~~a biennial~~ an annual inspection of those physical
 17 facilities of the State it deems necessary. The Governor may make ~~a biennial~~ an annual
 18 inspection of those facilities of the State he deems necessary."

19 Sec. 5. G.S. 143-8 reads as rewritten:

20 "**§ 143-8. Reporting of legislative and judicial expenditures and financial needs.**

21 On or before the first day of September, ~~biennially, in the even-numbered years,~~ of each
 22 year the Legislative Administrative Officer shall furnish the Director a detailed
 23 statement of expenditures of the General Assembly for the current fiscal ~~biennium~~ year,
 24 and an estimate of its financial needs, itemized in accordance with the budget
 25 classification adopted by the Director and approved and certified by the President pro
 26 tempore of the Senate and the Speaker of the House for ~~each year of the ensuing biennium~~
 27 ~~beginning with the first day of July thereafter~~ the next fiscal year. The Administrative
 28 Officer of the Courts shall furnish the Director a detailed statement of expenditures of
 29 the judiciary, and for ~~each year of the current fiscal biennium~~ year an estimate of its
 30 financial needs as provided by law, itemized in accordance with the budget
 31 classification adopted by the Director and approved and certified by the Chief Justice
 32 for ~~each year of the ensuing biennium, beginning with the first day of July thereafter~~ the next
 33 fiscal year. The Director shall include these estimates and accompanying explanations
 34 in the budget submitted with such recommendations as the Director may desire to make
 35 in reference thereto."

36 Sec. 6. G.S. 143-11 reads as rewritten:

37 "**§ 143-11. Survey of departments.**

38 On or before the ~~fifteenth day of December~~ first
 39 day of February each year, the Director shall make a complete, careful survey of the
 40 operation and management of all the departments, bureaus, divisions, officers, boards,
 41 commissions, institutions, and agencies and undertakings of the State and all persons or
 42 corporations who use or expend funds as hereinbefore defined, in the interest of
 43 economy and efficiency, and a working knowledge upon which to base
 44 recommendations to the General Assembly as to appropriations for maintenance and

1 special funds and capital expenditures for the succeeding ~~biennium~~fiscal year. If the
2 Director and the Commission shall agree in their recommendations for the budget for
3 the next ~~biennial period~~fiscal year, he shall prepare their report in the form of a proposed
4 budget, together with such comment and recommendations as they may deem proper to
5 make. If the Director and Commission shall not agree in substantial particulars, the
6 Director shall prepare the proposed budget based on his own conclusions and judgment,
7 and the Commission or any of its members retain the right to submit separately to the
8 General Assembly such statement of disagreement and the particulars thereof as
9 representing their views. The budget report shall contain a complete and itemized plan
10 of all proposed expenditures for each State department, bureau, board, division,
11 institution, commission, State agency or undertaking, person or corporation who receive
12 or may receive for use and expenditure any State funds as hereinbefore defined, in
13 accordance with the classification adopted by the State Controller, and of the estimated
14 revenues as provided by G.S. 143-2.1 and borrowings for ~~each year in the ensuing biennial~~
15 ~~period beginning with the first day of July thereafter~~the next fiscal year. Opposite each item
16 of the proposed expenditures, the budget shall show in separate parallel columns the
17 amount expended for the last preceding ~~appropriation~~fiscal year, for the current
18 ~~appropriation~~fiscal year, and the increase or decrease. The budget shall clearly
19 differentiate between general fund expenditures for operating and maintenance, special
20 fund expenditures for any purpose, and proposed capital outlays.

21 The Director shall accompany the budget with:

- 22 (1) A budget message supporting his recommendations and outlining a
23 financial policy and program for the ensuing ~~biennium~~fiscal year. The
24 message will include an explanation of increase or decrease over past
25 expenditures, a discussion of proposed changes in existing revenue
26 laws and proposed bond issues, their purpose, the amount, rate of
27 interest, term, the requirements to be attached to their issuance and the
28 effect such issues will have upon the redemption and annual interest
29 charges of the State debt.
- 30 (2) State Controller reports including:
- 31 a. An itemized and complete financial statement for the State at
32 the close of the last preceding fiscal year ending June 30.
- 33 b. A statement of special funds.
- 34 c. A statement showing the itemized estimates of the condition of
35 the State treasury as of the beginning and end of ~~each of the next~~
36 ~~two appropriation years~~fiscal year.
- 37 (3) A report on the fees charged by each State department, bureau,
38 division, board, commission, institution, and agency during the
39 previous fiscal year and the previous calendar year, the statutory or
40 regulatory authority for each fee, the amount of the fee, when the
41 amount of the fee was last changed, the number of times the fee was
42 collected during the prior fiscal year and the previous calendar year,
43 and the total receipts from the fee during the prior fiscal year and the
44 previous calendar year.

1 It shall be a compliance with this section by each incoming Governor, at the first
2 session of the General Assembly in his term, to submit the budget report with the
3 message of the outgoing Governor, if he shall deem it proper to prepare such message,
4 together with any comments or recommendations thereon that he may see fit to make,
5 either at the time of the submission of the said report to the General Assembly, or at
6 such other time, or times, as he may elect and fix.

7 The function of the Advisory Budget Commission under this section applies only if
8 the Director of the Budget consults with the Commission in preparation of the budget."

9 Sec. 7. G.S. 143-12 reads as rewritten:

10 **"§ 143-12. Bills containing proposed appropriations.**

11 (a) The Director shall cause to be prepared and submitted to the General
12 Assembly the following bills:

13 (1) A bill containing all proposed current operations appropriations of the
14 budget for ~~each year in the ensuing biennium~~the ensuing fiscal year,
15 which shall be known as the 'Current Operations Appropriations Bill',
16 and a bill containing all proposed capital appropriations of the budget
17 for ~~each year in the ensuing biennium~~the ensuing fiscal year, which shall
18 be known as the 'Capital Improvement Appropriations Bill'.

19 (2) If necessary, a bill containing the Director of the Budget's views on
20 revenue for the ensuing ~~biennium~~fiscal year, which shall be known as
21 the 'Budget Revenue Bill', and shall provide an amount of revenue for
22 the ensuing ~~biennium~~fiscal year sufficient, in the opinion of the
23 Director and the Commission, to meet the appropriations contained in
24 the Current Operations Appropriations Bill and the Capital
25 Improvement Appropriations Bill.

26 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1034, s.
27 153.

28 (b) ~~To the end that all expenses of the State may be brought and kept within the
29 budget, the Current Operations Appropriations Bill shall contain a specific sum as a
30 contingent or emergency appropriation, and shall allocate a specific portion of that sum
31 to a special reserve to be used solely for purposes as outlined in G.S. 143-23(a1)(3), (4),
32 and (5). The manner of the allocation of such contingent or emergency appropriation
33 shall be as follows: Any institution, department, commission, or other agency or activity
34 of the State, or other activity in which the State is interested, desiring an allotment out
35 of such contingent or emergency appropriation, shall upon forms prescribed and
36 furnished by the Director of the Budget, present such request in writing to the Director
37 of the Budget, with such information as he may require, and if the Director of the
38 Budget shall approve such request, in whole or in part, he shall forthwith present the
39 same to the Governor and Council of State, and upon their order only shall such
40 allotment be made. If the Director shall disapprove the request of such an allotment out
41 of the emergency or contingent appropriation, he shall transmit his refusal and his
42 reason therefor to the Governor and Council of State for their information.~~

43 Funds allocated from the former contingent or emergency appropriation may be used
44 only for the purpose for which they were allocated and may not be reallocated for

1 another purpose by the Governor and the Council of State. If the funds are not spent or
2 encumbered for the purpose for which they were allocated by the end of the fiscal
3 biennium and if the Governor and the Council of State do not reallocate them for that
4 same purpose, the funds shall revert to the fund from which the contingent or
5 emergency appropriation was made. Also, if the funds are not needed for the purpose
6 for which they were allocated, the funds shall revert to the fund from which the
7 contingent or emergency appropriation was made.

8 (c) The Director of the Budget may, in preparation of the Appropriations and
9 Revenue Bills, seek the advice of the Advisory Budget Commission. If the Director and
10 the Commission shall not agree as to the Appropriations and Revenue Bills in
11 substantial particulars, the Director shall prepare the same, based on his conclusions and
12 judgment, and the Commission or any of its members retain the right to submit
13 separately to the General Assembly such statement of disagreement and the particulars
14 thereof as they shall find proper to submit as representing their own views."

15 Sec. 8. G.S. 143-12.1(d) reads as rewritten:

16 "(d) ~~The Office of State Budget and Management~~ Director of the Budget shall submit
17 to the General Assembly along with or as a part of the biennial-annual budget ~~(and along~~
18 ~~with or as a part of any second-year budget requests)~~ budgets for vending facilities operated
19 by General Fund, Highway Fund, and Wildlife Fund departments' and institutions'
20 operating budgets."

21 Sec. 9. G.S. 143-13 reads as rewritten:

22 "**§ 143-13. Printing copies of budget report and bills and rules for the introduction**
23 **of the same.**

24 The Director shall cause to be printed one thousand copies each of the budget report,
25 the Current Operations Appropriations Bill, Capital Improvement Appropriations Bill,
26 and the Budget Revenue Bill. The Governor shall present copies thereof to the General
27 Assembly, together with the biennial-annual message, except incoming Governors may,
28 at the first session of the General Assembly in their respective terms, submit the same
29 after the biennial-annual message has been presented to the General Assembly. The
30 Current Operations Appropriations Bill and the Capital Improvement Appropriations
31 Bill shall be introduced by the chairman of the committee on appropriations in each
32 house of the General Assembly, and the Budget Revenue Bill shall be introduced by the
33 chairmen of the finance committees in each branch of the General Assembly: ~~Provided,~~
34 ~~that for the years in which the Governor is elected, other than when a Governor is elected for a~~
35 ~~second successive term the Director shall deliver the budget report and the Current Operations~~
36 ~~Appropriations Bill and the Capital Improvement Appropriations Bill and the Budget Revenue~~
37 ~~Bill to the Governor elect, on or before the fifteenth day of December, and the said budget~~
38 ~~report, Appropriations, and Revenue Bills, shall be presented by the Governor to the General~~
39 ~~Assembly with such recommendations in the way of amendments, or other modifications,~~
40 ~~together with such criticism as he may determine.~~ The provisions herein contained as to the
41 introduction of the bills mentioned in this section shall be considered and treated as a
42 rule of procedure in the Senate and House of Representatives until otherwise expressly
43 provided for by a rule in either, or both, of said branches of the General Assembly."

44 Sec. 10. G.S. 143-18.1 reads as rewritten:

1 **"§ 143-18.1. Decrease of projects within capital improvement appropriations;**
2 **requesting authorization of capital projects not specifically provided for.**

3 (a) Upon the request of the administration of a State agency or institution, the
4 Director of the Budget may decrease the scope of a capital improvement project. Prior
5 to taking any action under this subsection, the Director of the Budget may consult with
6 the Advisory Budget Commission.

7 (b) Upon the request of the administration of a State agency or institution, the
8 Director of the Budget may when, in his opinion, it is in the best interest of the State to
9 do so, increase the cost of a capital improvement project within the appropriation made
10 to that State agency or institution within the capital improvement appropriation to that
11 agency or institution for that ~~biennium~~fiscal year, provided that the project may not be
12 increased in scope under the authority of this subsection. Prior to taking any action
13 under this subsection, the Director of the Budget may consult with the Advisory Budget
14 Commission.

15 (c) Upon the request of the administration of any State agency or institution, the
16 Director of the Budget may accept funds by gift or grant for the construction of a capital
17 improvement project not specifically provided for or authorized by the General
18 Assembly. These funds shall be placed in a special reserve account to be held by the
19 State Treasurer until the end of the ~~biennium~~fiscal year in which the account was
20 established or until the capital improvement project is authorized by the Director of the
21 Budget, whichever occurs first. These funds shall be invested and the interest thereon
22 shall be added to the reserve. If the project is not authorized by the end of ~~that~~
23 ~~biennium~~the next fiscal year, the State Treasurer shall pay the funds accumulated in the
24 special reserve account to the grantor or donor. Upon the establishment of a special
25 reserve account under this section, the Director of the Budget shall notify the Speaker of
26 the House and President of the Senate of the receipt of the funds and the existence of the
27 reserve account. Upon the request of the administration of any State agency or
28 institution, the Governor may authorize the construction of a capital improvement
29 project not specifically authorized by the General Assembly if such project is to be
30 funded by receipts, special funds, self-liquidating indebtedness, other funds, or any
31 combination of funds, but not including funds appropriated from the General Fund. All
32 expenditures under this authorization shall be handled in full compliance with the
33 provisions of the Executive Budget Act.

34 The agency shall support its request for such capital improvement project, or
35 projects, with the following information: the estimated annual operating costs for (i)
36 utilities; (ii) maintenance; (iii) repairs; (iv) additional personnel; (v) any and
37 all other expenses to the State resulting from the addition of this facility to the plant of
38 the institution. Prior to taking any action under this section to authorize a project, the
39 ~~Governor or the~~ Director of the Budget may consult with the Advisory Budget
40 Commission and the Capital Planning Commission."

41 Sec. 11. G.S. 143-25 reads as rewritten:

42 **"§ 143-25. Maintenance appropriations dependent upon adequacy of revenues to**
43 **support them.**

1 All maintenance appropriations now or hereafter made are hereby declared to be
 2 maximum, conditional and proportionate appropriations, the purpose being to make the
 3 appropriations payable in full in the amounts named herein if necessary and then only in
 4 the event the aggregate revenues collected and available during ~~each~~ the fiscal year ~~of~~
 5 ~~the biennium~~ for which such appropriations are made, are sufficient to pay all of the
 6 appropriations in full; otherwise, the said appropriations shall be deemed to be payable
 7 in such proportion as the total sum of all appropriations bears to the total amount of
 8 revenue available in ~~each of the said~~ fiscal year. The Director of the Budget is
 9 hereby given full power and authority to examine and survey the progress of the
 10 collection of the revenue out of which such appropriations are to be made, and to
 11 declare and determine the amounts that can be, during each quarter of ~~each of the~~ fiscal
 12 ~~years of the biennium~~ properly allocated to each respective appropriation. In making such
 13 examination and survey, he shall receive estimates of the prospective collection of
 14 revenues from the Secretary of Revenue and every other revenue collecting agency of
 15 the State. The Director of the Budget may reduce all of said appropriations pro rata
 16 when necessary to prevent an overdraft or deficit to the fiscal ~~period~~ year for which such
 17 appropriations are made. The purpose and policy of this Article are to provide and
 18 insure that there shall be no overdraft or deficit in the general fund of the State at the
 19 end of the fiscal ~~period~~ year, growing out of appropriations for maintenance and the
 20 Director of the Budget is directed and required to so administer this Article as to prevent
 21 any such overdraft or deficit. Prior to taking any action under this section to reduce
 22 appropriations pro rata, the Governor may consult with the Advisory Budget
 23 Commission."

24 Sec. 12. G.S. 143-28.1 reads as rewritten:

25 "(4) Anticipation of Revenues. – In awarding State highway construction
 26 and maintenance contracts requiring payments beyond a
 27 biennium period consisting of two fiscal years, the first of which ends in
 28 an even number, the Director of the Budget may anticipate revenues as
 29 authorized and certified by the General Assembly, to continue contract
 30 payments for up to seventy-five percent (75%) of the revenues which
 31 are estimated for the ~~first~~ next fiscal year which ends in an even
 32 number of the succeeding biennium and which are not required for other
 33 budget items. Up to fifty percent (50%) of the revenues not required
 34 for other budget items may be anticipated for the second and
 35 subsequent fiscal years' contract payments."

36 —OTHER CONFORMING AMENDMENTS

37 Sec. 13. G.S. 7A-101 reads as rewritten:

38 "§ 7A-101. Compensation.

39 (a) The clerk of superior court is a full-time employee of the State and shall receive
 40 an annual salary, payable in equal monthly installments, based on the population of the
 41 county, as determined by the population projections of the Office of State Budget and
 42 Management for the year preceding the ~~first year of each biennial budget~~ fiscal year in
 43 which the salary is being paid, according to the following schedule:

44 Population

Annual Salary

	<u>1989-90</u>	<u>1990-91</u>	
1			
2	Less than 99,999		\$ 44,256 46,920
3	100,000 to 199,999		50,016 53,028
4	200,000 and above		57,072 60,504

5

6 When a county changes from one population group to another, the salary of the clerk
7 shall be changed to the salary appropriate for the new population group on July 1 of the
8 ~~first year of each biennial budget~~ next fiscal year, except that the salary of an incumbent
9 clerk shall not be decreased by any change in population group during his continuance
10 in office.

11 (b) The clerk shall receive no fees or commission by virtue of his office. The
12 salary set forth in this section is the clerk's sole official compensation, but if, on June
13 30, 1975, the salary of a particular clerk, by reason of previous but no longer authorized
14 merit increments, is higher than that set forth in the table, that higher salary shall not be
15 reduced during his continuance in office.

16 (c) In lieu of merit and other increment raises paid to regular State employees, a
17 clerk of superior court shall receive as longevity pay an amount equal to four and eight-
18 tenths percent (4.8%) of the annual salary set forth in the ~~Budget Appropriation~~ Current
19 Operations Appropriations Act payable monthly after five years of service, nine and six-
20 tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%)
21 after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of
22 service. Service shall mean service in the elective position of clerk of superior court, as
23 an assistant clerk of court and as a supervisor of clerks of superior court with the
24 Administrative Office of the Courts and shall not include service as a deputy or acting
25 clerk. Service shall also mean service as a justice or judge of the General Court of
26 Justice or as a district attorney."

27 Sec. 14. G.S. 7A-467(a) reads as rewritten:

28 "(a) Each public defender is entitled to such assistant public defenders and
29 investigators, full-time or part-time, as may be authorized by the Administrative Office
30 of the Courts. Assistants and investigators are appointed by the public defender and
31 serve at his pleasure. Compensation of assistants shall be as provided in the ~~biennial~~
32 Current Operations Appropriations Act. The Administrative Officer of the Courts shall
33 fix the compensation of each investigator. Assistants and investigators shall perform
34 such duties as may be assigned by the public defender."

35 Sec. 15. G.S. 17E-10(a) reads as rewritten:

36 "(a) The Commission may accept for any of its purposes and functions under this
37 Chapter any and all donations, both real and personal, and grants of money from any
38 governmental unit or public agency, or from any institution, person, firm or corporation,
39 and may receive, utilize and dispose of same. Any arrangement pursuant to this section
40 shall be detailed in a ~~biennial~~ annual report of the Commission to the General
41 Assembly. Such report shall include the identity of the donor, the nature of the
42 transaction, and the conditions, if any. Any money received by the Commission
43 pursuant to this section shall be deposited in the State Treasury to the account of the
44 Commission."

1 Sec. 16. G.S. 58-31-5 reads as rewritten:

2 **"§ 58-31-5. Appropriations; fund to pay administrative expenses.**

3 Upon the expiration of the existing fire insurance policies on said properties and in
4 making appropriations for any ~~biennium~~ fiscal year after the next ~~biennium~~ fiscal year, the
5 Commissioner of Insurance shall file with the Department of Administration his
6 estimate of the appropriations which will be necessary in order to set up and maintain an
7 adequate reserve to provide a fund sufficient to protect the State, its departments,
8 institutions, and agencies from loss or damage to any of said properties up to fifty per
9 centum (50%) of the value thereof. Appropriations made for the creating of such fire
10 insurance reserves against property of the Department of Agriculture, or the Department
11 of Transportation or any special operating fund shall be charged against the funds of
12 such departments.

13 The State Property Fire Insurance Fund is authorized and empowered to pay all the
14 administrative expenses occasioned by the administration of Article 31 of Chapter 58 of
15 the General Statutes."

16 Sec. 17. G.S. 58-31-45 reads as rewritten:

17 **"§ 58-31-45. Report required of Commissioner.**

18 The Commissioner of Insurance must annually submit to the Governor and General
19 Assembly a full report of his official action under this Article, with such
20 recommendations as commend themselves to him, ~~and it shall be embodied in or attached~~
21 ~~to his biennial report to the General Assembly."~~

22 Sec. 18. G.S. 66-58(f) reads as rewritten:

23 "(f) Notwithstanding the provisions of ~~G.S. 66-58(a)~~ subsection (a) of this section,
24 the operation by the Department of Correction of facilities for the manufacture of any
25 product or the providing of any service pursuant to G.S. 148-70 not regulated by the
26 provisions of subsection (c) hereof, shall be subject to the prior approval of the
27 Governor, with ~~biennial~~ annual review by the General Assembly, at the beginning of
28 each fiscal year ~~commencing after October 1, 1975~~. The Department of Correction shall
29 file with the Director of the Budget quarterly reports detailing prison enterprise
30 operations in such a format as shall be required by the Director of the Budget."

31 Sec. 19. G.S. 94-2 reads as rewritten:

32 **"§ 94-2. Apprenticeship Council.**

33 The Commissioner of Labor shall appoint an Apprenticeship Council composed of
34 four representatives each from employer and employee organizations respectively and
35 three representatives from the public at large. One State official designated by the
36 Department of Public Instruction and one State official designated by the Department of
37 Community Colleges shall be a member ex officio of said council, without vote. The
38 terms of office of the members of the Apprenticeship Council first appointed by the
39 Commissioner of Labor shall expire as designated by the Commissioner at the time of
40 making the appointment: two representatives each of employers and employees, being
41 appointed for one year and one representative of the public at large being appointed for
42 two years; and one representative each of employers, employees, and the public at large
43 being appointed for a term of three years. Any member appointed to fill a vacancy
44 occurring prior to the expiration of the term of his predecessor shall be appointed for the

1 remainder of said term. Each member of the Council not otherwise compensated by
2 public moneys, shall be reimbursed for transportation and shall receive such per diem
3 compensation as is provided generally for boards and commissions ~~under the biennial~~
4 ~~maintenance appropriation acts~~ by law for each day spent in attendance at meetings of the
5 Apprenticeship Council. The Commissioner of Labor shall annually appoint one
6 member of the Council to act as its chairman.

7 The Apprenticeship Council shall meet at the call of the Commissioner of Labor and
8 shall aid him in formulating policies for the effective administration of this Chapter.
9 Subject to the approval of the Commissioner, the Apprenticeship Council shall establish
10 standards for apprentice agreement which in no case shall be lower than those
11 prescribed by this Chapter, shall issue such rules and regulations as may be necessary to
12 carry out the intent and purposes of said Chapter, and shall perform such other functions
13 as the Commissioner may direct. Not less than once a year the Apprenticeship Council
14 shall make a report through the Commissioner of Labor of its activities and findings to
15 the legislature and to the public."

16 Sec. 20. G.S. 96-4(a) reads as rewritten:

17 "(a) Duties and Powers of Commission. – It shall be the duty of the Commission
18 to administer this Chapter. The Commission shall meet at least once in each 60 days and
19 may hold special meetings at any time at the call of the chairman or any three members
20 of the Commission, and the Commission shall have power and authority to adopt,
21 amend, or rescind such rules and regulations, to employ such persons, make such
22 expenditures, require such reports, make such investigations, and take such other action
23 as it deems necessary or suitable in the administration of this Chapter. Such rules and
24 regulations shall be effective upon publication in the manner, not inconsistent with the
25 provisions of this Chapter, which the Commission shall prescribe. The Commission
26 shall determine its own organization and methods of procedure in accordance with the
27 provisions of this Chapter, and shall have an official seal which shall be judicially
28 noticed. The chairman of said Commission shall, except as otherwise provided by the
29 Commission, be vested with all authority of the Commission, including the authority to
30 conduct hearings and make decisions and determinations, when the Commission is not
31 in session and shall execute all orders, rules and regulations established by said
32 Commission. Not later than November 20 ~~preceding the meeting of the General~~
33 ~~Assembly of each year~~, the Commission shall submit to the Governor a report covering
34 the administration and operation of this Chapter during the preceding ~~biennium~~ fiscal
35 year, and shall make such recommendation for amendments to this Chapter as the
36 Commission deems proper. Such report shall include a balance sheet of the moneys in
37 the fund in which there shall be provided, if possible, a reserve against the liability in
38 future years to pay benefits in excess of the then current contributions, which reserve
39 shall be set up by the Commission in accordance with accepted actuarial principles on
40 the basis of statistics of employment, business activity, and other relevant factors for the
41 longest possible period. Whenever the Commission believes that a change in
42 contribution or benefit rates will become necessary to protect the solvency of the fund,
43 it shall promptly so inform the Governor and the legislature, and make
44 recommendations with respect thereto."

1 Sec. 21. G.S. 105-1 reads as rewritten:

2 **"§ 105-1. Title and purpose of Subchapter.**

3 The title of this Subchapter shall be "The Revenue Act."The purpose of this
4 Subchapter shall be to raise and provide revenue for the necessary uses and purposes of
5 the government and State of North Carolina during the next ~~biennium~~fiscal year and
6 each ~~biennium~~fiscal year thereafter, and the provisions of this Subchapter shall be and
7 remain in full force and effect until changed by law. It is the policy of this State that as
8 many State taxes as possible be structured so that they are deductible for federal income
9 tax purposes under the Internal Revenue Code."

10 Sec. 22. G.S. 105-453.1 reads as rewritten:

11 **"§ 105-453.1. Department of Revenue – Tax expenditure report.**

12 The Secretary of Revenue shall prepare a ~~biennial~~an annual State tax expenditure
13 report to be submitted to the Director of the Budget, the General Assembly, and the
14 Advisory Budget Commission on or before October 1 of each ~~even-numbered year and to~~
15 ~~be submitted to the General Assembly at the convening of the regular legislative session on~~
16 ~~each odd-numbered calendar year.~~ The report shall contain a list of 'tax expenditures'
17 contained in Subchapters I, V, and VIII of Chapter 105 of the General Statutes of North
18 Carolina. For the purposes of the section a 'tax expenditure' shall mean a provision in
19 the tax laws which by exemption, exclusion, deduction, allowance, credit, deferral,
20 refund, preferential tax rate, or other device, reduces the amount of net tax revenues that
21 would otherwise be collected, and which is for the purpose of attaining some State
22 policy objective or objectives, either implied or stated.

23 The ~~biennial~~annual report of the Secretary herein required shall include estimates of
24 the amount by which revenue is reduced by each 'tax expenditure,' to the extent that
25 such estimates can be ascertained from examination of the records of the Department of
26 Revenue, without incurring any additional costs of operating the Department of
27 Revenue (except the cost of publishing said report), other than amounts specifically
28 appropriated for that purpose and in the absence of such appropriation, the Secretary of
29 Revenue shall not be required to devote any resources of the Department of Revenue for
30 that purpose if doing so will impair the performance of his other duties and
31 responsibilities.

32 The departments, bureaus, divisions, officers, commissions, institutions, and other
33 agencies of the State shall, upon request, furnish the Secretary of Revenue, in such form
34 and at such time as he may direct, any information required to facilitate the completion
35 of the tax expenditure report.

36 The purpose of the tax expenditure report is to facilitate a continuous evaluation and
37 review through the budgetary process of the impact of both direct State appropriations
38 and tax expenditures on the attainment of State policy objectives."

39 Sec. 23. G.S. 105-456 reads as rewritten:

40 **"§ 105-456. ~~Biennial~~Annual report.**

41 The Secretary of Revenue shall make and publish 2,000 copies of a ~~biennial~~an
42 annual report of such scope as may be approved by the Governor, which shall include
43 recommendations and a digest of the most important factual statistics of State and local
44 taxation."

1 Sec. 24. G.S. 112-29 reads as rewritten:

2 **"§ 112-29. Limit and distribution of appropriation.**

3 The State Auditor is authorized, empowered and directed to apportion, distribute and
4 divide the money appropriated by the State for pensions, and to issue warrants to the
5 several pensioners pro rata in their respective grades: Provided, ~~that if the money~~
6 ~~appropriated by the General Assembly for the Confederate soldiers, widows and servants is~~
7 ~~more than enough to pay them the amounts mentioned in this Chapter, or if for any other cause,~~
8 ~~after paying the Confederate soldiers, widows and servants the amount stipulated in their~~
9 ~~respective grades as set out in this Chapter, there should be an excess of the money~~
10 ~~appropriated for the first year, then the balance in the fund so appropriated for the first year~~
11 ~~shall revert and supplement the fund appropriated for the second year of the biennium:~~
12 ~~Provided, further, that if any moneys herein appropriated for the purposes aforesaid shall~~
13 ~~not be needed to pay the Confederate soldiers, widows and servants the amounts~~
14 ~~stipulated in their respective grades, then such moneys shall be paid by the State Board~~
15 ~~of Pensions into the treasury and become a part of the general fund appropriated by the~~
16 ~~State for other purposes: Provided, that no greater amount shall be paid out under this~~
17 ~~Chapter than is appropriated under the General Appropriation Maintenance-Current~~
18 ~~Operations Appropriations Act.~~"

19 Sec. 25. G.S. 113-54 reads as rewritten:

20 **"§ 113-54. Duties of forest rangers; payment of expenses by State and counties.**

21 Forest rangers shall have charge of measures for controlling forest fires, protection
22 of forests from pests and diseases, and the development and improvement of the forests
23 for maximum production of forest products; shall post along highways and in other
24 conspicuous places copies of the forest fire laws and warnings against fires, which shall
25 be supplied by the Secretary; shall patrol and man lookout towers and other points
26 during dry and dangerous seasons under the direction of the Secretary, and shall
27 perform such other acts and duties as shall be considered necessary by the Secretary in
28 the protection, development and improvement of the forested area of each of the
29 counties within the State. No county may be held liable for any part of the expenses
30 thus incurred unless specifically authorized by the board of county commissioners under
31 prior written agreement with the Secretary; appropriations for meeting the county's
32 share of such expenses so authorized by the board of county commissioners shall be
33 provided annually in the county budget. For each county in which financial
34 participation by the county is authorized, the Secretary shall keep or cause to be kept an
35 itemized account of all expenses thus incurred and shall send such accounts periodically
36 to the board of county commissioners of said county; upon approval by the board of the
37 correctness of such accounts, the county commissioners shall issue or cause to be issued
38 a warrant on the county treasury for the payment of the county's share of such
39 expenditures, said payment to be made within one month after receipt of such statement
40 from the Secretary. Appropriations made by a county for the purposes set out in
41 Articles 4, 4A, 4C and 6A of this Chapter in the cooperative forest protection,
42 development and improvement work are not to replace State and federal funds which
43 may be available to the Secretary for the work in said county, but are to serve as a
44 supplement thereto. The funds appropriated to the Department in the ~~biennial budget~~
45 ~~appropriation act-Current Operations Appropriations Act~~ for the purposes set out in

1 Articles 4, 4A, 4C and 6A of this Chapter shall not be expended in a county unless that
2 county shall contribute at least twenty-five percent (25%) of the total cost of the forestry
3 program."

4 Sec. 26. G.S. 113-77.8(c) reads as rewritten:

5 "(c) The Trustees shall receive the per diem allowed for other members of boards
6 and commissions of the State as fixed ~~in the Biennial Appropriations Act~~ by law, and, in
7 addition, the Trustees shall receive subsistence and travel expenses as fixed by statute
8 for such purposes. Travel and subsistence expenses shall be allowed while going to or
9 from any place of meeting or when on official business. Per diem payments shall
10 include necessary time spent in traveling to and from their places of residence to any
11 meeting place or while traveling on official business. Per diem, subsistence, and travel
12 expenses of the Trustees shall be paid from the Fund."

13 Sec. 27. G.S. 113A-164.4 reads as rewritten:

14 "(7) Submit to the Governor and the General Assembly ~~a biennial~~ an annual
15 report on or before February 15, 1987, ~~and on or before February 15 of~~
16 ~~subsequent odd-numbered years~~ of each year describing the activities of
17 the past ~~biennium~~ fiscal year and plans for the coming ~~biennium~~ fiscal
18 year, and detailing specific recommendations for action that the
19 Secretary deems necessary for the improvement of the Program."

20 Sec. 28. G.S. 115C-249(h) reads as rewritten:

21 "(h) Appropriations made in the ~~biennial Budget Appropriation~~ Current Operations
22 Appropriations Act for the purchase of public school buses shall be permanent
23 appropriations, and unexpended portions of those appropriations shall not revert to the
24 General Fund at the end of the ~~biennium~~ fiscal year for which appropriated. Any
25 unexpended portion of those appropriations shall at the end of each fiscal year be
26 transferred to a reserve account and shall be held, together with any other funds
27 appropriated for the purpose, for the purchase of public school buses."

28 Sec. 29. G.S. 120-32(11) reads as rewritten:

29 "(11) To specify the uses within the General Assembly budget of funds
30 appropriated to the General Assembly which remain available for
31 expenditure after the end of the ~~biennial fiscal period~~ fiscal year, and to
32 revert funds under G.S. 143-18."

33 Sec. 30. G.S. 121-12.2 reads as rewritten:

34 "**§ 121-12.2. Procedures for preparing budget requests and expending**
35 **appropriations for grants-in-aid.**

36 Requests for funding may be submitted by these organizations to the Department of
37 Cultural Resources. If received by any other department of State government except the
38 General Assembly they shall be forwarded to the Department of Cultural Resources. All
39 such requests shall be subjected to the process described in G.S. 121-12.1 and included
40 in the Department's ~~biennial~~ annual budget request submitted in compliance with the
41 Executive Budget Act.

42 The Department of Cultural Resources shall notify on a timely basis and in
43 appropriate detail all those recipients of continuing appropriations as grants-in-aid of the
44 requirements for submission of requests for appropriations for the ensuing fiscal period.

1 The Secretary of Cultural Resources is empowered and directed, in discharging the
2 responsibilities herein assigned, to make regular and timely reviews, studies and
3 recommendations concerning the operations and needs of these organizations for State
4 funds, and to request from the applicants for grants and the recipients of grants through
5 the Department, operating statements, audit reports and other information deemed
6 appropriate."

7 Sec. 31. G.S. 125-2(2) reads as rewritten:

8 "(2) To make to the Governor ~~a biennial~~an annual report of its activities
9 and needs, including recommendations for improving its services to
10 the State, to be transmitted by the Governor to the General Assembly."

11 Sec. 32. G.S. 126-79 reads as rewritten:

12 **"§ 126-79. Report required.**

13 The State Personnel Commission shall require ~~a biennial~~an annual report of each
14 State division, department, agency, instrumentality or authority on the status of the
15 Work Options Program. The State Personnel Commission shall in turn make ~~a biennial~~
16 an annual report to the General Assembly on the status of the Work Options Program,
17 including any increase in the use of job sharing, flexible work hours and any other
18 approved work option for State employees."

19 Sec. 33. G.S. 127A-169 reads as rewritten:

20 **"§ 127A-169. Unexpended portion of State appropriation.**

21 The unexpended portion of any appropriation from the general fund of the State for
22 the purposes set out in this Article, remaining at the end of any ~~biennium~~fiscal year, shall
23 not revert to the general fund of the State, but shall constitute part of a permanent fund
24 to be expended from time to time in the manner and for the purposes set out in this
25 Article."

26 Sec. 34. G.S. 130B-19(i) reads as rewritten:

27 "(i) No grant funds shall be used for litigation expenses. Each site designation
28 review committee shall properly account for all funds. Unexpended funds shall revert
29 to the Board, and at the end of the ~~biennium~~fiscal year shall revert to the General Fund."

30 Sec. 35. G.S. 135-8(f)(2)a. reads as rewritten:

31 "a. Upon the basis of each actuarial valuation provided herein there
32 shall be prepared ~~biennially~~annually and certified to the
33 Department of Administration a statement of the total amount
34 necessary for the ensuing ~~biennium~~fiscal year to the pension
35 accumulation and expense funds, as provided under subsections
36 (d) and (f) of this section, and these funds shall be handled and
37 disbursed in accordance with ~~Chapter 100, Public Laws of 1929,~~
38 ~~and amendments thereto (G.S. 143-1 et seq.), known as the~~
39 Executive Budget Act."

40 Sec. 36. G.S. 135-26 reads as rewritten:

41 **"§ 135-26. Studies and reports.**

42 The State agency shall make studies concerning the problem of old age and
43 survivors insurance protection for employees of the State and local governments and
44 their instrumentalities and concerning the operation of agreements made and plans

1 approved under this Article and shall submit a report to the legislature at the beginning
2 of each regular session, and at the reconvening of the regular session in the even-
3 numbered year, covering the administration and operation of this Article during the
4 preceding ~~biennium~~ fiscal year, including such recommendations for amendments to this
5 Article as it considers proper."

6 Sec. 37. G.S. 136-18(25) reads as rewritten:

7 "(25) The Department of Transportation is hereby authorized and
8 directed to design, construct, repair, and maintain paved streets and
9 roads upon the campus of each of the State's institutions of higher
10 education, at state-owned hospitals for the treatment of
11 tuberculosis, state-owned orthopedic hospitals, juvenile correction
12 centers, mental health hospitals and retarded centers, schools for
13 the deaf, and schools for the blind, when such construction,
14 maintenance, or repairs have been authorized by the General
15 Assembly in the appropriations bills enacted by the General
16 Assembly. Cost for such construction, maintenance, and repairs
17 shall be borne by the Highway Fund. Upon the General Assembly
18 authorizing the construction, repair, or maintenance of a paved road
19 or drive upon any of the above-mentioned institutions, the
20 Department of Transportation shall give such project priority to
21 insure that it shall be accomplished as soon as feasible, at the
22 minimum cost to the State, and in any event during the ~~biennium~~
23 fiscal year for which the authorization shall have been given by the
24 General Assembly, or if that fiscal year ends in an even number, by
25 the end of the next fiscal year."

26 Sec. 38. G.S. 136-41.1(a) reads as rewritten:

27 "(a) There is annually appropriated out of the State Highway Fund a sum equal to
28 the net amount after refunds that was produced during the ~~fiscal~~ previous calendar year
29 by a one and three-fourths cents (1 3/4¢) tax on each gallon of motor fuel as taxed by
30 G.S. 105-434 and 105-435, to be allocated in cash on or before ~~October~~ August 1 of each
31 year to the cities and towns of the State in accordance with this section. In addition, as
32 provided in G.S. 136-176(b)(3), revenue is allocated and appropriated from the
33 Highway Trust Fund to the cities and towns of this State to be used for the same
34 purposes and distributed in the same manner as the revenue appropriated to them under
35 this section from the Highway Fund. Like the appropriation from the Highway Fund,
36 the appropriation from the Highway Trust Fund shall be based on revenue collected
37 during the fiscal year preceding the date the distribution is made.

38 Seventy-five percent (75%) of the funds appropriated for cities and towns shall be
39 distributed among the several eligible municipalities of the State in the percentage
40 proportion that the population of each eligible municipality bears to the total population
41 of all eligible municipalities according to the most recent annual estimates of population
42 as certified to the Secretary of Revenue by the State Budget Officer. This annual
43 estimation of population shall include increases in the population within the
44 municipalities caused by annexations accomplished through July 1 of the calendar year

1 in which these funds are distributed. Twenty-five percent (25%) of said fund shall be
2 distributed among the several eligible municipalities of the State in the percentage
3 proportion that the mileage of public streets in each eligible municipality which does
4 not form a part of the State highway system bears to the total mileage of the public
5 streets in all eligible municipalities which do not constitute a part of the State highway
6 system.

7 It shall be the duty of the mayor of each municipality to report to the Department of
8 Transportation such information as it may request for its guidance in determining the
9 eligibility of each municipality to receive funds under this section and in determining
10 the amount of allocation to which each is entitled. Upon failure of any municipality to
11 make such report within the time prescribed by the Department of Transportation, the
12 Department of Transportation may disregard such defaulting unit in making said
13 allotment.

14 The funds to be allocated under this section shall be paid in cash to the various
15 eligible municipalities on or before October 1 of each year. Provided that eligible
16 municipalities are authorized within the discretion of their governing bodies to enter
17 into contracts for the purpose of maintenance, repair, construction, reconstruction,
18 widening, or improving streets of such municipalities at any time after January 1 of any
19 calendar year in total amounts not to exceed ninety percent (90%) of the amount
20 received by such municipality during the preceding fiscal year, in anticipation of the
21 receipt of funds under this section during the next fiscal year, to be paid for out of such
22 funds when received.

23 The Department of Transportation may withhold each year an amount not to exceed
24 one percent (1%) of the total amount appropriated for distribution under this section for
25 the purpose of correcting errors in allocations: Provided, that the amount so withheld
26 and not used for correcting errors will be carried over and added to the amount to be
27 allocated for the following year.

28 The word 'street' as used in this section is hereby defined as any public road
29 maintained by a municipality and open to use by the general public, and having an
30 average width of not less than 16 feet. In order to obtain the necessary information to
31 distribute the funds herein allocated, the Department of Transportation may require that
32 each municipality eligible to receive funds under this section submit to it a statement,
33 certified by a registered engineer or surveyor of the total number of miles of streets in
34 such municipality. The Department of Transportation may in its discretion require the
35 certification of mileage on a ~~biennial~~ annual basis."

36 Sec. 39. G.S. 136-176(d) reads as rewritten:

37 "(d) A contract may be let for projects funded from the Trust Fund in anticipation
38 of revenues pursuant to the cash-flow provisions of G.S. 143-28.1 only for the ~~biennium~~
39 two fiscal years following the year in which the contract is let."

40 Sec. 40. G.S. 140-5.14(10) reads as rewritten:

41 "(10) To make a ~~biennial~~ annual report to the Governor and the
42 General Assembly on the activities of the Board of Trustees and of
43 the North Carolina Museum of Art;".

44 Sec. 41. G.S. 143-283.7 reads as rewritten:

1 **"§ 143-283.7. Funds, expenses and gifts; reports.**

2 There is hereby created in the State treasury a special revolving fund to be known as
3 'Employment of the Handicapped Revolving Fund.' The fund shall consist of all
4 moneys received by the Department of Administration, or in behalf of the Department
5 from the United States, any federal or State agency or institution, gifts, contributions,
6 donations and bequests, but not excluding any other source of revenue for the purpose
7 of promoting the employment and rehabilitation of handicapped citizens of North
8 Carolina. The Department of Administration may use said revolving fund to pay the
9 salaries and general expenses of the administrative office, personnel, materials, supplies,
10 equipment, travel; provide awards, citations, scholarships, but not excluding other
11 purposes for the promoting of the employment and rehabilitation of handicapped
12 citizens. All expenditures from said fund shall be subject to the provisions of the
13 Executive Budget Act.

14 Any moneys remaining in said revolving fund at the end of any fiscal year or
15 ~~biennium~~ shall not revert to the general fund or any other fund but shall continue to
16 remain in said revolving fund to be expended for the purposes of this Article.

17 The Department of Administration shall accept, hold in trust, and authorize the use
18 of any grant or devise of land, or any donation or bequests of money or other personal
19 property made to the Department, so long as the terms of the grant, donation, bequest or
20 will are carried out. The Department of Administration may invest and reinvest any
21 funds and money, lease, or sell any real or personal property, and invest the proceeds for
22 the purpose of promoting the employment and rehabilitation of the handicapped unless
23 prohibited by the terms of the grant, donation, bequest, gift, or will. If, due to
24 circumstances, the requests of the person or persons, making the grant, donation,
25 bequest, gift, or will cannot be carried out, the Department of Administration shall have
26 the authority to use the remainder thereof for the purpose of this Article. Said funds
27 shall be deposited in the revolving fund to carry out the provisions of this Article. Such
28 gifts, donations, bequests, or grants shall be exempt for tax purposes. The Department
29 shall report annually to the Governor all moneys and properties received and expended
30 by virtue of this section.

31 All funds and properties in the hands of the Governor's Executive Committee on
32 July 1, 1973, shall be transferred to the Department of Administration for use in
33 furtherance of the purposes of this Article."

34 Sec. 42. G.S. 143-355(b)(14) reads as rewritten:

35 "(14) Include in the ~~biennial~~-annual budget the cost of performing the
36 additional functions indicated above."

37 Sec. 43. G.S. 143-406 reads as rewritten:

38 **"§ 143-406. Duties of Department of Cultural Resources.**

39 The Department of Cultural Resources shall take action to carry out the following
40 purposes as funds and staff permit:

- 41 (1) Study, collect, maintain, and otherwise disseminate factual data and
42 pertinent information relative to the arts;
- 43 (2) Assist local organizations and the community at large with needs,
44 resources and opportunities in the arts;

- 1 (3) Serve as an agency through which various public and nonpublic
2 organizations concerned with the arts can exchange information,
3 coordinate programs and stimulate joint endeavors;
4 (4) Identify research needs, encourage research and assist in obtaining
5 funds for research;
6 (5) Assist in bringing the highest obtainable quality in the arts to the
7 State; promote the maximum opportunity for the people to
8 experience, enjoy, and profit from those arts.

9 The Department of Cultural Resources shall, in addition to such other
10 recommendations, studies and plans as it may submit from time to time, submit a
11 ~~biennial~~an annual report of progress to the Governor, and thus, to the General
12 Assembly."

13 Sec. 44. G.S. 143B-279.5 reads as rewritten:

14 "**§ 143B-279.5. ~~Biennial~~Annual State of the Environment Report.**

15 The Secretary of the Department of Environment, Health, and Natural Resources
16 shall report on the state of the environment to the General Assembly and the
17 Environmental Review Commission no later than 1 January of each ~~odd-numbered~~-year
18 ~~beginning 1 January 1991~~. The report shall include:

- 19 (1) An identification and analysis of current environmental protection
20 issues and problems within or affecting the State and its people;
21 (2) Trends in the quality and use of North Carolina's air and water
22 resources;
23 (3) An inventory of areas of the State where air or water pollution is in
24 evidence or may occur during the upcoming biennium;
25 (4) Current efforts and resources allocated by the Department to
26 correct identified pollution problems and an estimate, if necessary,
27 of additional resources needed to study, identify, and implement
28 solutions to solve potential problems;
29 (5) Departmental goals and strategies to protect the natural resources
30 of the State;
31 (6) Any information requested by the General Assembly or the
32 Environmental Review Commission;
33 (7) Suggested legislation, if necessary; and
34 (8) Any other information on the state of the environment the
35 Secretary considers appropriate.

36 Other State agencies involved in protecting the State's natural resources and
37 environment shall cooperate with the Department of Environment, Health, and Natural
38 Resources in preparing this report."

39 Sec. 45. G.S. 143B-299(c) reads as rewritten:

40 "(c) Compensation. – The members of the Commission shall receive the usual and
41 customary per diem allowed for the other members of boards and commissions of the
42 State ~~and as fixed in the Biennial Appropriation Act~~by law, and, in addition, the members
43 of the Commission shall receive subsistence and travel expenses according to the
44 prevailing State practice and as allowed and fixed by statute for such purposes, which

1 said travel expenses shall also be allowed while going to or from any place of meeting
2 or when on official business for the Commission. The per diem payments made to each
3 member of the Commission shall include necessary time spent in traveling to and from
4 their places of residence within the State to any place of meeting or while traveling on
5 official business for the Commission."

6 Sec. 46. G.S. 143B-426.21(b)(3) reads as rewritten:

7 "(3) To develop a comprehensive plan, covering the current fiscal year
8 and the following biennium ~~three fiscal years~~, for the acquisition and
9 use of information technology resources in the affected
10 departments, which shall be updated annually and shall be
11 submitted to the General Assembly on the first day of each regular
12 session, and in the even-numbered year on the first day of
13 reconvening of the regular session."

14 Sec. 47. G.S. 147-11(c) reads as rewritten:

15 "(c) In addition to the foregoing allowance, the actual expenses of the Governor
16 while traveling outside the State on business incident to his office shall be paid by a
17 warrant drawn on the State Treasurer. Whenever a person who is not a State official or
18 employee is designated by the Governor to represent the Governor's office, such person
19 shall be paid actual travel expenses incurred in the performance of such duty; provided
20 that the payment of such travel expense shall conform to the provisions of ~~the biennial~~
21 ~~appropriation act law~~ in effect at the time the payment is made."

22 Sec. 48. G.S. 147-68(d) reads as rewritten:

23 "(d) The Treasurer shall report to the General Assembly, Governor and Advisory
24 Budget Commission annually ~~and to the General Assembly at the beginning of each biennial~~
25 ~~session~~ the exact balance in the treasury to the credit of the State, with a summary of the
26 receipts and payments of the treasury during the preceding fiscal year, and so far as
27 practicable an account of the same down to the termination of the current calendar
28 year."

29 Sec. 49. (a) There is appropriated from the General Fund to the Reserve Fund
30 for fiscal year 1990-91, the sum of \$1,225,000 to be used as provided by G.S. 143-
31 2.2(d), notwithstanding the percentage limitation of that subsection.

32 (b) The appropriation from the General Fund for fiscal year 1990-91 for
33 contingencies and emergencies in the amount of \$1,125,000, made by Section 3 of
34 Chapter 500, Session Laws of 1989 is repealed.

35 Sec. 50. This act shall become effective for budgets beginning with the
36 budget for fiscal year 1991-92, except that Sections 2 and 3 of this act shall become
37 effective upon convening of the 1991 Regular Session of the General Assembly, G.S.
38 143-2.2, except for subsection (b), becomes effective July 1, 1990, Section 49 of this act
39 shall become effective July 1, 1990, and except that if this act in changing any biennial
40 report to an annual report would cause the failure to receive information concerning a
41 year, then one final biennial report shall be made.