

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

1

HOUSE RESOLUTION 2390

Sponsors: Representative Miller.

Referred to: Rules.

June 15, 1990

1 A HOUSE RESOLUTION TO INSTRUCT THE COMMITTEE ON FINANCE OF
2 THE HOUSE OF REPRESENTATIVES TO PREPARE AND RECOMMEND
3 REVENUE MEASURES NECESSARY TO BALANCE THE STATE BUDGET
4 FOR 1990-91.

5 Whereas, the budgeted General Fund expenditures of the State for fiscal year
6 1989-90 exceed currently estimated General Fund Revenues for 1989-90 by over \$500
7 million; and

8 Whereas, the Governor, the Office of State Budget and Management, and the
9 State agencies and institutions over the last several months have taken actions designed
10 to reduce that deficit, including freezes on filling State positions, curtailments of
11 budgeted nonpersonnel expenditures, delays in payments to vendors for goods sold and
12 delivered to the State, delays in the issuance of State income tax refund checks to
13 taxpayers, and the postponement from June to July 1990 of salary payments to State
14 employees for services they rendered in June; and

15 Whereas, most of the actions just noted will at best postpone some
16 obligations from fiscal year 1989-90 to 1990-91, not resolve the problem of insufficient
17 State income to pay current expenses; and

18 Whereas, the fiscal staff of the General Assembly now estimates that
19 budgeted and otherwise committed General Fund expenditures for fiscal year 1990-91
20 will exceed estimated General Fund revenues for 1990-91 by \$336 million, and \$225
21 million of already approved capital improvements are at risk; and

22 Whereas, some of the pending proposals for responding to this fiscal problem
23 require serious and long-term reductions in current levels of State services to the State's
24 citizens, the dismissal of State employees, the postponement or reduction of legislative
25 commitments to education, promised improvements in service programs such as the

1 Basic Education Program, and the adoption of short-term financial expedients of
2 uncertain effect and at best short-term benefit; and

3 Whereas, a State that ranks highest in the nation in infant mortality, lowest in
4 the nation in manufacturing wages paid its citizens, and lowest in the nation in the
5 Scholastic Aptitude Test scores of its high school seniors, cannot afford to break faith
6 with its own people and its cities and counties by withdrawing or denying funds
7 required to address those problems; and

8 Whereas, several federal mandates and program commitments and actions by
9 the General Assembly in earlier years will result in substantial further General Fund
10 expenditure increases in 1991-92 and later fiscal years amounting to several hundred
11 million dollars, and in order to be in position to deal with those increases, the General
12 Assembly must put the fiscal affairs of the State on a sound basis in advance of fiscal
13 year 1991-92; and

14 Whereas, the financial problems that have been enumerated are in part the
15 result of one-time financial miscalculations and temporary conditions, but reflect also
16 the fact that this General Assembly over several years has made spending commitments
17 to provide needed services to the people of North Carolina that it has not yet made
18 adequate provision to finance on a sustained basis; and

19 Whereas, bond rating agencies are now critically monitoring the State's
20 financial condition and practices and threatens to lower the AAA rating of our State
21 bonds if we are unable or unwilling to pay our obligations in full and on time, an action
22 that would materially increase interest costs to the State, impair the value of outstanding
23 State bonds, and tarnish the invaluable reputation of the State for financial integrity; and

24 Whereas, if this session of the General Assembly does not confront directly
25 and respond responsibly to this financial problem, it is probable that the worsening
26 crisis will force the Governor to call the General Assembly into extra session later in
27 1990 to try to cope in the middle of the fiscal year with a problem that can be dealt with
28 effectively only from the beginning of the fiscal year; and

29 Whereas, while the General Assembly, the Governor, and the State agencies
30 and institutions must continue to make all reasonable and responsible efforts to avoid
31 unnecessary expenditures of appropriated funds and forego new financial commitments
32 that we are not prepared to meet, it is clear that additional State revenues will be
33 necessary during fiscal year 1990-91 if the State is to have a balanced budget, avert a
34 major financial crisis, and maintain the financial reputation of the State; and

35 Whereas, while it is not feasible in this session of the General Assembly to
36 devise a long-term solution to the revenue needs of the State, short-term efforts using
37 recurring revenue sources to do so are feasible and are essential;

38 Now, therefore, be it resolved by the House of Representatives:

39 Section 1. The Committee on Finance is directed to examine the need for,
40 prepare, and report and recommend to the House of Representatives not later than June
41 22, 1990, such measures as it finds necessary to increase State General Fund revenues
42 for fiscal year 1990-91 to the extent that, in conjunction with reductions in budgeted and
43 projected expenditures, a balanced General Fund budget will be achieved for fiscal year
44 1990-91.

1 Sec. 2. The Committee on Finance is authorized to conduct such hearings
2 with respect to (i) the revenue structure of the State and its productivity and (ii) the
3 economies and other effects to be anticipated from projected reductions in current
4 appropriations and in planned program expansions as it may find useful in carrying out
5 this assignment.

6 Sec. 3. The Committee on Finance shall also recommend legislation to effect
7 the repeal, effective July 1, 1991, of all statutory exemptions, exclusions, deductions,
8 allowances, credits, deferrals, refunds, preferential tax rates, or other devices, either
9 stated or implied, which reduce the amount of tax revenue which would otherwise be
10 collected by the State.

11 Sec. 4. This resolution is effective upon adoption.