

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 260

Short Title: GPAC-Change Capital Budget Process.

(Public)

Sponsors: Senator Martin of Guilford.

Referred to: Government Performance Audit.

February 19, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT A RECOMMENDATION OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE TO RESTRUCTURE THE CAPITAL
BUDGET PROCESS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 143-11 reads as rewritten:

"§ 143-11. Survey of departments.

On or before the fifteenth day of December, biennially in the even-numbered years, the Director shall make a complete, careful survey of the operation and management of all the departments, bureaus, divisions, officers, boards, commissions, institutions, and agencies and undertakings of the State and all persons or corporations who use or expend State funds, in the interest of economy and efficiency, and of obtaining a working knowledge upon which to base recommendations to the General Assembly as to appropriations for maintenance and special funds and capital expenditures for the succeeding biennium. If the Director and the Commission shall agree in their recommendations for the budget for the next biennial period, he shall prepare their report in the form of a proposed budget, together with such comment and recommendations as they may deem proper to make. If the Director and Commission shall not agree in substantial particulars, the Director shall prepare the proposed budget based on his own conclusions and judgment, and the Commission or any of its members retain the right to submit separately to the General Assembly such statement of disagreement and the particulars thereof as representing their views. The budget report shall contain a complete and itemized plan of all proposed expenditures for each State department, bureau, board, division, institution, commission, State agency or

1 undertaking, person or corporation who receives or may receive for use and expenditure
2 any State funds, in accordance with the classification adopted by the State Controller,
3 and of the estimated revenues and borrowings for each year in the ensuing biennial
4 period beginning with the first day of July thereafter. Opposite each item of the
5 proposed expenditures, the budget shall show in separate parallel columns the amount
6 expended for the last preceding appropriation year, for the current appropriation year,
7 and the increase or decrease. The General Assembly urges the Director and the
8 Commission to include in the budget a proposed appropriation for repairs and
9 renovations equal to from one and one-half percent (1 1/2%) to three percent (3%) of
10 the value of State-owned buildings. The budget shall clearly differentiate between
11 general fund expenditures for operating and maintenance, special fund expenditures for
12 any purpose, and proposed capital outlays.

13 The Director shall accompany the budget with:

- 14 (1) A budget message supporting his recommendations and outlining a
15 financial policy and program for the ensuing biennium. The message
16 will include an explanation of increase or decrease over past
17 expenditures, a discussion of proposed changes in existing revenue
18 laws and proposed bond issues, their purpose, the amount, rate of
19 interest, term, the requirements to be attached to their issuance and the
20 effect such issues will have upon the redemption and annual interest
21 charges of the State debt.
- 22 (2) State Controller reports including:
 - 23 a. An itemized and complete financial statement for the State at
24 the close of the last preceding fiscal year ending June 30.
 - 25 b. A statement of special funds.
- 26 (2a) A statement showing the itemized estimates of the condition of the
27 State treasury as of the beginning and end of each of the next two
28 appropriation years.
- 29 (3) A report on the fees charged by each State department, bureau,
30 division, board, commission, institution, and agency during the
31 previous fiscal year, the statutory or regulatory authority for each fee,
32 the amount of the fee, when the amount of the fee was last changed,
33 the number of times the fee was collected during the prior fiscal year,
34 and the total receipts from the fee during the prior fiscal year.
- 35 (4) A statement showing the State Board of Education's request, in
36 accordance with G.S. 115C-96, for sufficient funds to provide
37 textbooks to public school students.

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

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

3 Sec. 2. G.S. 143-15 reads as rewritten:

4 **"§ 143-15. Reduction and increase of items by General Assembly.**

5 The provisions of this Article shall continue to be the legislative policy with
6 reference to the making of appropriations and shall be treated as rules of both branches
7 of the General Assembly until and unless the same may be changed by the General
8 Assembly either by express enactment or by rules adopted by either branch of the
9 General Assembly.

10 The General Assembly may reduce or strike out such item in the Current Operations
11 Appropriations Bill and the Capital Improvement Appropriations Bill as it may deem to
12 be the interest of the public service, but neither House shall consider further or special
13 appropriations until the Current Operations Appropriations Bill shall have been enacted
14 in whole or part or rejected, unless the Governor shall submit and recommend an
15 emergency appropriation bill or emergency appropriation bills, which may be amended
16 in the manner set out herein, and such emergency appropriation bill, or bills, when
17 enacted, shall continue in force only until the Current Operations Appropriations Bill
18 and the Capital Improvement Appropriations Bill shall become effective, unless
19 otherwise provided by the General Assembly. Provided that the Capital Improvement
20 Appropriations Bill may be considered before the Current Operations Appropriations
21 Bill has been adopted in whole or part or rejected. The General Assembly shall not
22 decrease the amount appropriated for repairs and renovations to less than one and one-
23 half percent (1 1/2%) of the value of State-owned buildings.

24 The General Assembly may also increase any appropriation set out in the Current
25 Operations Appropriations Bill and the Capital Improvement Appropriations Bill and
26 may provide additional appropriations for other purposes if additional revenue or
27 revenues, equal to the amount of such additional appropriations and increases, are
28 provided for by corresponding amendment to the Budget Revenue Bill. No bill carrying
29 an appropriation shall thereafter be enacted by the General Assembly, unless it be for an
30 object or objects therein described and shall provide an adequate source of revenue for
31 defraying such appropriation, or unless it appears from the budget report or the Budget
32 Revenue Bill that there is sufficient revenue available therefor. The appropriation, or
33 appropriations, in such bills shall be in accordance with the classification used in the
34 budget.

35 Reports to or of the appropriations committees or their subcommittees indicate
36 action by the General Assembly when they are used in preparation of or amendment to
37 appropriations acts."

38 Sec. 3. G.S. 143-15.4(a) reads as rewritten:

39 "(a) Size Limitation. Except as otherwise provided in this section, the General
40 Fund operating budget each fiscal year shall not be greater than seven percent (7%) of
41 the projected total State personal income for that fiscal year. For the purpose of this
42 section, the General Fund operating budget includes any appropriations for repairs and
43 renovations and for local tax-sharing, but does not include appropriations for (i) capital

1 expenditures or (ii) one-time expenditures due to natural disasters, federal mandates, or
2 other emergencies."

3 Sec. 4. G.S. 143-341 is amended by adding a new subdivision to read:

4 "(4a) Capital Needs Assessment. –

5 To conduct a 10-year capital needs assessment for the State and to
6 report the results of the assessment, before May 1, 1994, to the
7 Governor and the General Assembly. The ten year capital needs
8 assessment shall be updated and included in the Governor's biennial
9 budget submission."

10 Sec. 5. The Capital Improvement Subcommittees of the Appropriations
11 Committees of the House and the Senate shall develop a debt policy for funding State
12 capital needs.

13 Sec. 6. Sections 1, 2, and 3 of this act are effective upon ratification and
14 apply to budgets for all fiscal years beginning with the 1995-96 fiscal year. Sections 4
15 and 6 of this act are effective upon ratification. Section 5 of this act becomes effective
16 upon the creation of Capital Improvements Subcommittees of the Appropriations
17 Committees of the House and the Senate.