Short Title:	Budget Growth Factor.	(Public)
Sponsors:	Senators Smith; and Stevens.	
Referred to:		

1   **A BILL TO BE ENTITLED**
2   AN ACT TO AMEND THE NORTH CAROLINA CONSTITUTION TO ESTABLISH
3   THE OPERATING BUDGET GROWTH FACTOR FOR THE GENERAL FUND.
4   The General Assembly of North Carolina enacts:
5   **SECTION 1.** Article V of the North Carolina Constitution is amended by
6   adding a new section to read:
7   "Sec. 15. General Fund operating budget size limited.
8   (1)   Definitions. The following definitions apply in this section:
9   (a)   Capital improvements include land acquisition, new construction,
10   rehabilitation of existing facilities, and repairs and renovations.
11   (b)   Operating growth factor for a fiscal year is a percentage calculated as
12   the average of annual percentage changes in North Carolina personal
13   income over the previous 10 calendar years.
14   (2)   General Fund operating budget size limitation. The General Fund operating
15   budget each fiscal year shall be limited to an amount not greater than the General Fund
16   operating budget authorized by the General Assembly for the prior fiscal year increased
17   by the operating budget growth factor defined in subsection (1) of this section. For
18   purposes of this section, the General Fund operating budget does not include
19   appropriations for capital improvements or one-time expenditures due to natural
20   disasters.
21   (3)   Two-thirds vote required to exceed limitation. The General Assembly shall
22   not appropriate funds that exceed the General Fund operating budget size limitation
23   established in subsection (2) of this section, except by an act adopted by a vote of at
24   least two-thirds of all the members of each house."
25   **SECTION 2.**   The amendment set out in Section 1 of this act shall be
26   submitted to the qualified voters of the State at the next general election, which election
27   shall be conducted under the laws then governing elections in the State. Ballots, voting

1   systems, or both may be used in accordance with Chapter 163 of the General Statutes.
2   The question to be used in the voting systems and ballots shall be:
3   "[ ] FOR   [ ] AGAINST
4   Constitutional amendment to limit the General Fund operating budget to an
5   amount not greater than the General Fund operating budget authorized by the General
6   Assembly for the prior fiscal year increased by the operating budget growth factor."
7   **SECTION 3.** If a majority of the votes cast on the question is in favor of the
8   amendment set out in Section 1 of this act, the State Board of Elections shall certify the
9   amendment to the Secretary of State. The amendment becomes effective upon this
10   certification. The Secretary of State shall enroll the amendment so certified among the
11   permanent records of that office.
12   **SECTION 4.** G.S. 143-15.4 is repealed.
13   **SECTION 5.** G.S. 143-15.1(a) reads as rewritten:
14   "(a)   The General Assembly shall enact the Current Operations Appropriations Act
15   by June 15 of odd-numbered years and by June 30 of even-numbered years in which a
16   Current Operations Appropriations Act is enacted. The Current Operations
17   Appropriations Act shall state the amount of General Fund appropriations availability
18   upon which the General Fund budget is based. The statement of availability shall list
19   separately the beginning General Fund credit balance, General Fund revenues, and any
20   other components of the availability amount.
21   ~~The General Fund operating budget appropriations, including appropriations for~~
22   ~~local tax reimbursements and local tax sharing, for the second year in a Current~~
23   ~~Operations Appropriations Act that contains a biennial budget shall not be more than~~
24   ~~two percent (2%) greater than the General Fund operating budget appropriations for the~~
25   ~~first year of the biennial budget.~~"
26   **SECTION 6.** Sections 4 and 5 of this act become effective only if the
27   constitutional amendment set out in Section 1 of this act is approved by the qualified
28   voters of the State, as provided in Section 2 of this act.
29   **SECTION 7.** This act is effective when it becomes law.