

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH50006-LH-25 (1/21)

Short Title: Lmt. Gen. Fund Spending/Prior Yr.'s Spending. (Public)

Sponsors: Representative Gulley.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO LIMIT GENERAL FUND BUDGET EXPENDITURES FOR A FISCAL YEAR TO THE GENERAL FUND OPERATING BUDGET APPROPRIATIONS FOR THE PRIOR FISCAL YEAR.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-15.1(a) reads as rewritten:

"(a) The General Assembly shall enact the Current Operations Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in which a Current Operations Appropriations Act is enacted. The Current Operations Appropriations Act shall state the amount of General Fund appropriations availability upon which the General Fund budget is based. The statement of availability shall list separately the beginning General Fund credit balance, General Fund revenues, and any other components of the availability amount.

The General Fund operating budget appropriations, including appropriations for local tax reimbursements and local tax sharing, for the second year in a Current Operations Appropriations Act that contains a biennial budget shall not be more than ~~two percent (2%) greater than~~ the General Fund operating budget appropriations for the first year of the biennial budget."

SECTION 2. G.S. 143-15.4 reads as rewritten:

"§ 143-15.4. **General Fund operating budget size limited.**

(a) Size Limitation. ~~Except as otherwise provided in this section, the~~ The General Fund operating budget each fiscal year shall not be greater than ~~seven percent (7%) of the projected total State personal income for that fiscal year.~~ the General Fund operating budget appropriations for the prior fiscal year. For the purpose of this section, the General Fund operating budget includes any appropriations for local tax-sharing, but does not include appropriations for (i) capital expenditures or (ii) one-time expenditures due to natural disasters, federal mandates, or other emergencies.

1 ~~(b) Increase in Size Limitation. To the extent that any percent increase in~~
2 ~~appropriations for a fiscal year for (i) Medicaid, (ii) operation of prisons, or (iii) the~~
3 ~~costs of providing health insurance for teachers and State employees, exceeds the~~
4 ~~percent increase in State personal income growth for the same period, the limitation on~~
5 ~~the size of the General Fund operating budget provided in subsection (a) of this section~~
6 ~~for that fiscal year shall be increased by the dollar amount represented by the excess~~
7 ~~percentage. For all subsequent fiscal years, the percent limitation contained in~~
8 ~~subsection (a) shall then be increased to reflect that dollar adjustment.~~

9 ~~(c) Fiscal Reports. The Office of State Budget and Management and the Fiscal~~
10 ~~Research Division of the General Assembly shall each submit a tentative estimate of~~
11 ~~total State personal income for the upcoming fiscal year to the General Assembly no~~
12 ~~later than February 1 of each year. The Office of State Budget and Management and the~~
13 ~~Fiscal Research Division shall each submit a final projection of total State personal~~
14 ~~income for the upcoming fiscal year certification of the General Fund operating budget~~
15 ~~appropriations for the prior fiscal year to the General Assembly no later than May 1 of~~
16 ~~each year. The General Assembly shall use the lower of the two final projections~~
17 ~~certifications to calculate the limitation on the size of the General Fund operating~~
18 ~~budget provided in this section."~~

19 **SECTION 3.** This act becomes effective July 1, 2005.