

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE DRS55022-LT-13 (1/28)

Short Title: Lapsed Salaries Revert.

(Public)

Sponsors: Senator Brock.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REVERT LAPSED SALARIES TO THE GENERAL FUND FOR THE
RAINY DAY FUND AND TO ENCOURAGE ACCURACY IN BUDGETING BY
CORRECTLY FUNDING SALARIES AND SALARY-RELATED
EXPENDITURES FOR STATE EMPLOYEES AND TEACHERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143-15.3 reads as rewritten:

"§ 143-15.3. Use of General Fund credit balance; priority uses.

(a) There is established a Savings Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account contains funds equal to five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds, that were directly appropriated. In the event that the one-fourth exceeds the amount necessary to reach the five percent (5%) level, only funds necessary to reach that level shall be reserved. If there are insufficient funds in the unreserved credit balance for the Savings Reserve Account and the Repairs and Renovations Reserve Account, then the requirements of this section shall be complied with first, and any remaining funds shall be reserved to the Repairs and Renovations Reserve Account, in accordance with G.S. 143-15.3A.

(a1) If the balance in the Savings Reserve Account falls below the five percent (5%) level during a fiscal year, the State Controller shall, in accordance with subsection (a) of this section, reserve to the Savings Reserve Account for the following fiscal years up to one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account again equals the five percent (5%) level set out in subsection (a) of this section.

1 (a2) Notwithstanding any other provision of law, on June 30 each year, funds
2 available from lapsed salaries shall revert to the General Fund. The Director of the
3 Budget shall credit those funds to the Savings Reserve Account on or before August 1
4 each year.

5 (b) The Director may not use funds in the Savings Reserve Account unless the
6 use has been approved by an act of the General Assembly."

7 **SECTION 2.** G.S. 116-30.3 is amended by adding a new subsection to read:

8 "(f) This section does not apply to lapsed salaries funds, which shall revert to the
9 General Fund on June 30 each year pursuant to G.S. 143-15.3."

10 **SECTION 3.** Beginning with the 2005-2006 fiscal year and every fiscal year
11 thereafter, it is the intent of the General Assembly to provide for more accurate
12 budgeting by fully funding certain line-item expenditure accounts in the personal
13 services area that, in prior fiscal years, have been funded from lapsed salaries. Examples
14 of these accounts are workers' compensation expenditures and temporary salary
15 expenditures.

16 **SECTION 4.** Sections 1 and 2 of this act become effective June 30, 2006.
17 The remainder of this act is effective when it becomes law.