

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005**

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**SENATE BILL 103**

Short Title: Lapsed Salaries Revert.

(Public)

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Sponsors: Senators Brock; and Allran.

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Referred to: Appropriations/Base Budget.

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February 10, 2005

A BILL TO BE ENTITLED

1  
2 AN ACT TO REVERT LAPSED SALARIES TO THE GENERAL FUND FOR THE  
3 RAINY DAY FUND AND TO ENCOURAGE ACCURACY IN BUDGETING BY  
4 CORRECTLY FUNDING SALARIES AND SALARY-RELATED  
5 EXPENDITURES FOR STATE EMPLOYEES AND TEACHERS.

6 The General Assembly of North Carolina enacts:

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

8 "**§ 143-15.3. Use of General Fund credit balance; priority uses.**

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

21 (a1) If the balance in the Savings Reserve Account falls below the five percent  
22 (5%) level during a fiscal year, the State Controller shall, in accordance with subsection  
23 (a) of this section, reserve to the Savings Reserve Account for the following fiscal years  
24 up to one-fourth of any unreserved credit balance remaining in the General Fund at the  
25 end of each fiscal year until the account again equals the five percent (5%) level set out  
26 in subsection (a) of this section.

27 (a2) Notwithstanding any other provision of law, on June 30 each year, funds  
28 available from lapsed salaries shall revert to the General Fund. The Director of the

1 Budget shall credit those funds to the Savings Reserve Account on or before August 1  
2 each year.

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

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

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

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

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