

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 1981

Short Title: Local Government Reimbursements. (Public)

Sponsors: Senators Berger of Rockingham; Allran, Brock, Brown, Jacumin, Smith, Stevens, and Tillman.

Referred to: Appropriations/Base Budget.

May 26, 2006

A BILL TO BE ENTITLED

1
2 AN ACT TO APPROPRIATE FUNDS FROM THE 2005-2006 SURPLUS TO
3 REIMBURSE COUNTIES AND CITIES FOR FUNDS TAKEN BY THE STATE
4 DURING THE 2001-2002 FISCAL YEAR.

5 Whereas, during the 2001-2002 fiscal year the Governor withheld funds from
6 cities and counties for General Fund appropriations in the State budget; and

7 Whereas, the withholding of the funds placed an extreme burden on local
8 governments in balancing their own budgets; and

9 Whereas, the funds withheld were tax collections that the General Assembly
10 has since declared are local revenues and not State expenditures that therefore may not
11 constitutionally be withheld by the Governor; and

12 Whereas for the 2006-2007 fiscal year the State has over a \$2 billion surplus
13 from unappropriated balances in the 2005-2006 fiscal year and greater than anticipated
14 growth; Now, therefore,

15 The General Assembly of North Carolina enacts:

16 **SECTION 1.** There is appropriated from the General Fund the sum of two
17 hundred nine million dollars (\$209,000,000) for the 2006-2007 fiscal year to reimburse
18 the cities and counties for funds withheld by the Governor during the 2001-2002 fiscal
19 year. The funds appropriated by this act shall be distributed to the cities and counties in
20 proportion to the amounts that would have been distributed to the cities and counties in
21 the 2001-2002 fiscal year had the funds not been withheld.

22 **SECTION 2.** This act becomes effective July 1, 2006.