

February 13, 2003

**H 9. HARLAN BOYLES SPENDING CONTROL ACT. TO PROVIDE GOVERNMENTAL ACCOUNTABILITY AND PROTECTION TO THE TAXPAYERS BY LIMITING INCREASES IN THE GENERAL FUND BUDGET, REFORMING THE BUDGET PROCESS, AND ESTABLISHING AN EMERGENCY RESERVE TRUST FUND.** Repeals GS 143-15.2 and 143-15.3 (regulating use of general fund credit balance). Enacts new GS 143-2.1 through 143-2.5. GS 143-2.2 prohibits the Governor from proposing and General Assembly from making appropriations in excess of General Fund expenditure limit and provides that no state funds shall be paid in excess of limit. GS 143-2.1 defines General Fund expenditure limit for each fiscal year as expenditure limit from prior fiscal year increased by percentage equal to fiscal growth factor (defined as average of sum of inflation and population change for three preceding calendar years) and that General Fund budget for fiscal year beginning July 1, 2002, shall be used to determine following year's expenditure limit. Further provides that expenditure limit shall be decreased when program costs are shifted from General Fund and that limits for following fiscal year shall be established by Fiscal Research Division and the Office of State Budget and Management by March 15 of each year. GS 143-2.5 requires two-thirds vote of each house to exceed expenditure limit. GS 143-2.4 creates an Emergency Trust Fund and requires that any General Fund revenues collected in excess of expenditure limit [GS 143-2.2(d)] and one-fourth of any credit balance remaining in General Fund (GS 143-2.3) shall be credited to that Fund and that transfer from emergency fund shall only occur when either: (1) appropriations exceed revenues; or (2) budgeted expenditures exceed receipts; and the General Assembly approves transfer by two-thirds vote of each house. Trust Fund monies shall be used for tax relief when Fund reaches amount equal to five percent of General Fund appropriation for fiscal year. GS 143-2.3 requires that an amount equal to three percent of the replacement value of all state buildings supported by the General Fund shall be transferred to the Repairs and Renovations Reserve Account each fiscal year.

**Intro. by Blust.**

Ref. to Rules	GS 143
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