

March 28, 2005

**H 914. STATE BUDGET ACT (=S 1108).** *TO RECODIFY MANY OF THE PROVISIONS OF THE EXECUTIVE BUDGET ACT AND THE CAPITAL IMPROVEMENT PLANNING ACT INTO A STATE BUDGET ACT THAT REVISES AND CLARIFIES THE PROCEDURES FOR PREPARING, ENACTING, AND ADMINISTERING THE STATE BUDGET AND TO MAKE CONFORMING CHANGES.* Identical to S 1108, introduced 3/24/05.

**Intro. by Crawford.**

Ref. to Appropriations

GS 7A, 18B, 20, 53, 62, 62A, 74, 95, 96, 106, 108A, 113, 113A, 115C, 115D, 116, 116D, 117, 120, 121, 122A, 122C, 126, 130A, 131A, 135, 136, 138, 140, 143, 143A, 143B, 143C, 147, 150B, 159

April 20, 2005

**H 914. STATE BUDGET ACT.** Intro. 3/28/05. House committee substitute makes the following changes to 1st edition. Amends new GS 143C-3-4 (budget requests from non-State entities) to provide that section does not apply to General Assembly or to actions of the General Assembly to appropriate funds to non-State entities. Makes act effective July 1, 2006 (was, July 1, 2007).

July 18, 2006

**H 914. STATE BUDGET ACT .** Filed 3/24/05. Senate committee substitute makes the following changes to 2nd edition. It changes the title to *AN ACT TO RECODIFY MANY OF THE PROVISIONS OF THE EXECUTIVE BUDGET ACT AND THE CAPITAL IMPROVEMENT PLANNING ACT INTO A STATE BUDGET ACT THAT REVISES AND CLARIFIES THE PROCEDURES FOR PREPARING, ENACTING, AND ADMINISTERING THE STATE BUDGET, TO MAKE CONFORMING CHANGES, AND TO REPEAL VARIOUS STATUTES AND SESSION LAWS.* The committee substitute incorporates into the House bill changes to the Executive Budget Act enacted in SL 2005-276 and SL 2006-66. These changes include the following: (1) the requirement that the Governor include in the recommended budget as continuation requirements the amounts the Governor proposes to fund for enrollment increases in public schools, community colleges, and the university system; (2) the requirement that the budget support-documents include accurate projections of receipts, expenditures, and fund balances; (3) a prohibition on increasing a fee that the General Assembly considered and rejected for that fiscal year; (4) revision of provisions regarding the use of state funds by non-state entities and the reporting requirements by grantees who receive those funds; and (5) deletion of the requirement that recurring savings realized from the closure of state psychiatric hospitals be used for debt service payments.

The committee substitute changes the definitions section of the bill. The definition of "departmental receipt" is changed to include tuition, and a "non-state entity" is changed to include a county and a public authority. Two new defined terms, "public authority" and "unit of local government," are added, and the definition of "performance information" is modified. "State funds" is changed to include any federal funds deposited in the state treasury.

The committee substitute changes proposed GS 143C-1-2 to provide that information technology appropriations do not revert until the project is implemented or abandoned, and it adds language to proposed GS 143C-2-1 to clarify that the Governor's budgetary powers under the act extend to all agencies, institutions, departments, bureaus, boards, and commissions of the state. In GS 143C-3-3(d) (capital budget requests from state agencies), the committee substitute changes the period of time to be covered by estimates of maintenance and operating costs from ten years to five years. In GS 143C-3-3(e) (information technology requests from state agencies), the committee substitute provides that information technology requests must include information regarding expected improvements to programmatic or business operations.

The committee substitute modifies GS 143C-3-5 to (1) change the timetable within which the Governor must present budget recommendations to the General Assembly from a fixed number of days tied to the convening of the General Assembly to a mutually agreeable time to be fixed by joint resolution; and (2) add the biennial State Information Technology Plan as a component to be

included in the Governor's budget recommendations. The substitute bill deletes both the provision establishing the Capital Improvements Reserve Account (GS 143C-4-4 in the House version) and the limit on the amount that may be spent on a contingency or emergency. (The House version provides that the sum spent cannot exceed 10% of the annual appropriation.) Deletes a provision requiring consultation with the Joint Legislative Commission on Governmental Operations when a state agency requests an allocation from the Contingency and Emergency Fund and substitutes a requirement that the Governor report to the Joint Legislative Commission on Governmental Operations.

Deletes language in proposed GS 143C-4-6 relating to the limit on the size of the General Fund operating budget. Modifies new GS 143C-6-2 to delete the requirement that the Governor report to the General Assembly on the Governor's plan for avoiding a deficit before implementing such a plan and substitutes language requiring a report in a timely manner. The committee substitute increases the limit in GS 143C-6-4(b) on certain departmental overexpenditures from 1% to 3% of the department's certified budget for the fiscal year before prior consultation with the Joint Legislative Commission on Governmental Operations is required. Rewrites GS 143C-6-5, which prohibits expenditures for purposes for which the General Assembly has considered but not enacted an appropriation, to make it more parallel to the recently enacted provision, incorporated into this bill, that prohibits fee increases considered and rejected by the General Assembly. Adds language to new GS 143C-6-6 to provide that payments for benefits and salary increases for employees who are paid from the General Fund or Highway Fund and another funding source must be split proportionately between the General Fund or Highway Fund and the other funding source.

The committee substitute changes new GS 143C-7-2 to require the Director of the Budget (the Governor) to submit federal block grant plans for each state agency that administers federal block grant funds to the Fiscal Research Division of the General Assembly in advance of each legislative session. The Senate version also changes the requirements for information that must be included in agency block grant plans. The committee substitute modifies the provisions for capital improvement budgeting (Article 8) to (1) authorize the expenditure of certain funds for advanced planning of projects with the approval of the Director of the Budget, (2) provide that a capital appropriation does not revert if planning or construction of the project begins during the fiscal year in which the funds are appropriated, and (3) permit the Director of the Budget to extend by 12 months the period in which project construction must begin to avert lapse of project authorization.

The committee substitute enacts new GS 116-30.3A to allow The University of North Carolina Health Care System to spend receipts realized in excess of budgeted limits with approval of the Director of the Budget. Several other technical and conforming changes are included in the committee substitute. The effective date of the act is changed from July 1, 2006, to July 1, 2007, and is made applicable beginning with the budget for the 2007-09 biennium.

August 14, 2006

**SL 2006-203 (H 914). STATE BUDGET ACT. AN ACT TO RECODIFY MANY OF THE PROVISIONS OF THE EXECUTIVE BUDGET ACT AND THE CAPITAL IMPROVEMENT PLANNING ACT INTO A STATE BUDGET ACT THAT REVISES AND CLARIFIES THE PROCEDURES FOR PREPARING, ENACTING, AND ADMINISTERING THE STATE BUDGET, TO MAKE CONFORMING CHANGES, AND TO REPEAL VARIOUS STATUTES AND SESSION LAWS.** Summarized in *Daily Bulletin* 3/28/05, 4/20/05, and 7/18/06. Enacted August 7, 2006. Effective July 1, 2007, and applicable beginning with the budget for the 2007–09 biennium.