

February 12, 2009

H 159. TAXPAYER BILL OF RIGHTS. Filed 2/12/09. *TO PROVIDE GOVERNMENTAL ACCOUNTABILITY AND PROTECTION TO THE TAXPAYERS BY LIMITING INCREASES IN THE GENERAL FUND BUDGET, REFORMING THE BUDGET PROCESS, ESTABLISHING AN EMERGENCY RESERVE TRUST FUND, AND TO AMEND THE NORTH CAROLINA CONSTITUTION TO ESTABLISH A GENERAL FUND EXPENDITURE LIMIT.*

Constitutional amendments. Subject to approval by the voters at the next general election, enacts a new Section 15 to Article V of the North Carolina Constitution, effective upon certification by the State Board of Elections to the Secretary of State, to establish a General Fund expenditure limit. Sets forth definitions for *fiscal growth factor*, *inflation*, and *population change*. Requires that the General Fund expenditure limit for each fiscal year be the previous year's expenditure limit increased by a percentage rate that equals the fiscal growth factor. Prohibits the Governor from proposing expenditures from the General Fund in excess of the projected expenditure limit and the General Assembly from making appropriations in excess of the expenditure limit. Provides that the General Fund budget authorized for the fiscal year beginning in July 1, 2009, increased by the fiscal growth factor, be used as the base fiscal year to determine the General Fund expenditure limit beginning July 1, 2010, and for succeeding fiscal years. Requires that if, on or after December 31, 2009, the cost of any state function or program is shifted from the General Fund to another funding source, including counties or local government, or if money is transferred from the General Fund to another account, the expenditure limit must be reduced by that same amount. Provides that a two-thirds vote of the General Assembly is required to exceed the General Fund expenditure limit and is only allowed for appropriations for nonrecurring expenses for a maximum period of 12 months from the effective date of the appropriation. Requires that any unexpended funds that exceed 5% of the General Fund appropriation for the prior fiscal year be returned to the taxpayers.

Corresponding statutory changes. Enacts a new GS 143C-4-8 to establish a General Fund expenditure limit. Requires that the General Fund expenditure limit for each fiscal year be the previous year's expenditure limit increased by a percentage rate that equals the fiscal growth factor. Provides that the General Fund budget authorized for the fiscal year beginning in July 1, 2009, increased by the fiscal growth factor, be used as the base fiscal year to determine the General Fund expenditure limit beginning July 1, 2010, and for succeeding fiscal years. Requires that if, on or after December 31, 2009, the cost of any state function or program is shifted from the General Fund to another funding source, including counties or local government, or if money is transferred from the General Fund to another account, the expenditure limit must be reduced by that same amount. Directs that, by March 15 of each year, the Fiscal Research Division (Division) and the Office of State Budget and Management (OSBM) issue a determination of the General Fund expenditure limit for that fiscal year and a projected limit for the following fiscal year. If the Division and OSBM do not agree on the expenditure limit, then requires that the lowest determination and projection be used.

Enacts a new GS 143C-4-9 to prohibit the Governor from proposing expenditures from the General Fund in excess of the projected General Fund expenditure limit and the General Assembly from making appropriations in excess of the expenditure limit. Restricts money from being drawn by the state treasury, as well as prohibiting the Governor, State Treasurer, and the State Controller from issuing or redeeming any draft, check, warrant, or voucher, if that action results in a state expenditure in excess of the expenditure limit. Provides that any General Fund revenue collected in excess of the expenditure limit is credited to the Emergency Reserve Trust Fund (Fund) at the end of the fiscal year.

Enacts a new GS 143C-4-10 to provide that a two-thirds vote of the General Assembly is required to exceed the General Fund expenditure limit and is only allowed for appropriations for nonrecurring expenses for a maximum period of 12 months from the effective date of the appropriation.

Amends GS 143C-1-1(d) (definition section for the State Budget Act) to add definitions for *fiscal growth factor*, *inflation*, and *population change*.

Amends GS 143C-4-2 to rename the *Savings Reserve Account* as the *Emergency Reserve Trust Fund*. Makes conforming changes and deletes the goal provision for the Savings Reserve Account Balance. Allows the Director of the Budget to transfer money from the Fund to pay for

appropriations for the fiscal year, if available, if the Director determines (1) pursuant to GS 143C-6-2 (Methods to avoid deficit), the aggregate revenues collected and available are not sufficient to pay appropriations for that fiscal year in full or (2) pursuant to Section 5(3) of Article III of the NC Constitution, receipts during the fiscal year when added to the surplus remaining in the state treasury at the beginning of the fiscal year are not sufficient to meet budgeted expenditures. Requires the Director to administer the budget to prevent any overdraft or deficit if the Director decides to not transfer money from the Fund. Requires that any unexpended funds that exceed 5% of the General Fund appropriation for the prior fiscal year be reserved for taxpayer relief. Transfers the funds in the Savings Reserve Account to the Fund.

Effective only if the proposed constitutional amendment is approved by qualified voters.

Intro. by Blust, Setzer, Holloway.

GS 143C, CONST