



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

March 7, 2014

TO: Senator Phil Berger, President Pro-Tempore of the Senate
Representative Thom Tillis, Speaker of the House of Representatives

FROM: Art Pope, State Budget Director *Art Pope*

SUBJECT: Budget Deviation for the Department of Revenue

The Office of State Budget and Management (OSBM), as required by G.S. 143C-6-4(b)(3)(b1), must consult with the Joint Legislative Commission on Governmental Operations when a department's certified budget is expected to be exceeded by more than three percent (3%). Please see the budget deviation listed below for the Department of Revenue.

Department of Revenue – William S. Lee Tax Credit

G.S. 105-129.83 authorizes the Department of Revenue to collect a fee (\$500) from taxpayers eligible for the William S. Lee tax credit. This fee is deposited in Revenue's special fund budget code, 24706. Based on historical analysis of deposits, collections, and transfers, this code should have an annual budget of \$300,000. Unfortunately, establishing this budget was inadvertently overlooked during the annual budget certification process. The Department seeks to establish a budget in the current fiscal year via budget revision; however, doing so will create a deviation that exceeds three percent (3%). For this reason, OSBM is submitting this action for consultation with the Joint Legislative Commission on Governmental Operations.

(b7). Prior consultation with Governmental Operations is required when the overexpenditure would cause a department's total requirements for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%) prior to authorizing the overexpenditures

DEPARTMENT:	Revenue
FISCAL YEAR:	2014
Date:	2/27/2014
Budget Revision #:	12-0001

Budget Code	Certified Requirements	3% Deviation Threshold	Amount of the Overexpenditure Request	Amount the Request Exceeds the Deviation Threshold
24706	\$ -	\$ -	\$ 300,000	\$ 300,000
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
Fund Type Total	\$ -	\$ -	\$ 300,000	\$ 300,000

Request to budget funds for William S Lee fees collected under G.S. 105-129.6 Article 3A whereby 25% of the fees are remitted to Commerce and Revenue to retain 75%. Article 3A was repealed around 2006 and replaced with Article 3J whereby 100% of fees collected will be remitted to the General Fund. Fees collected under Article 3A will continue until all fees have been collected. Taxpayers must remit a \$500 fee in order to claim a William S Lee credit on their tax returns.