

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

**SENATE BILL 13  
RATIFIED BILL**

AN ACT TO ENACT THE BALANCED BUDGET ACT OF 2011.

The General Assembly of North Carolina enacts:

**TITLE OF ACT**

**SECTION 1.** This act shall be known as the "Balanced Budget Act of 2011."

**AUTHORITY FOR THE GOVERNOR TO REDUCE EXPENDITURES**

**SECTION 2.** Notwithstanding the State Budget Act or any other provision of law, the Director of the Budget is authorized to take all actions necessary to reduce General Fund expenditures for the remainder of fiscal year 2010-2011. This grant of authority includes all powers to balance the budget granted the Governor under Article III, Section 5 of the Constitution. For the remainder of the 2010-2011 fiscal year, the Director of the Budget shall exercise these powers with a goal of reducing recurring expenditures by at least four hundred million dollars (\$400,000,000).

**CHANGES TO THE 2010-2011 AVAILABILITY STATEMENT**

**SECTION 3.** Section 2.2(a) of S.L. 2010-31 reads as rewritten:

**"SECTION 2.2.(a)** Section 2.2(a) of S.L. 2009-451 is repealed. The General Fund availability used in adjusting the 2010-2011 budget is shown below:

	<b>FY 2010-2011</b>
Unappropriated Balance Remaining from Previous Year	3,702,182
Adjustment from Estimated to Actual FY 2009-2010 Beginning Unreserved Fund Balance	270,080
<b>Beginning Unreserved Fund Balance</b>	<b>3,972,262</b>
<b>Revenues Based on Existing Tax Structure</b>	<b>18,199,339,016</b>
<b>Nontax Revenues</b>	
Investment Income	57,500,000
Judicial Fees	239,100,000
Disproportionate Share	100,000,000
Insurance	67,000,000
Other Nontax Revenues	182,700,000
Highway Trust Fund/Use Tax Reimbursement Transfer	72,800,000
Highway Fund Transfer	17,600,000
<b>Subtotal Nontax Revenues</b>	<b>736,700,000</b>
<b>Total General Fund Availability</b>	<b>18,940,011,278</b>
<b>Adjustments to Availability: <del>Senate Bill 897</del> Availability</b>	
Internal Revenue Code Conformity	(7,700,000)
Unemployment Insurance Refundable Tax Credit	(34,100,000)
Increase Sales Tax Prepayment Threshold	(7,000,000)
Relieve Annual Report Compliance Burden on Small Businesses	(400,000)
Fair Tax Penalties	0



Extend Sunsets on Various Tax Incentives	(3,500,000)
Improve Tax and Debt Collection Process	3,000,000
Modernize Sales Tax on Accommodations	1,700,000
Modernize Admissions Tax and Restore Amenities Exclusion	(700,000)
Reserve for Pending Finance Legislation	(9,800,000)
Reduce Franchise Tax Burden on Construction Companies	(1,500,000)
Department of Revenue Settlement Initiative	110,000,000
Disproportionate Share	35,000,000
Loss of Estate Tax Revenues for FY 2010-2011	(85,000,000)
Increase Justice and Public Safety Fees	13,930,670
Transfer from the Health and Wellness Trust Fund	<u>5,397,000</u>
	<u>17,045,800</u>
Transfer Aviation from Department of Commerce to Department of Transportation	(500,000)
Transfer from Wildlife Resources Commission	<u>3,000,000</u>
	<u>8,000,000</u>
Divert Funds from Scrap Tire Disposal Account	2,500,000
Divert Funds from White Goods Fund	1,200,000
Transfer from Mercury Pollution Prevention Fund	2,250,000
Transfer from Bladen Lakes Special Fund	150,000
Transfer from DACS – N.C. State Fair	1,000,000
Transfer from ECU Magnetic Resonance Imaging Lease and Equipment Fund	1,000,000
Adjust Transfer from Insurance Regulatory Fund	(2,176,454)
Transfer from Motorfleet Internal Services Fund	14,000,000
<u>Transfer from Golden LEAF Funds</u>	<u>67,563,760</u>
<u>Transfer from Tobacco Trust Fund</u>	<u>2,800,000</u>

**Various Budget Fund Transfers to General Fund**

**Budget Fund**

<u>Code</u>	<u>Code</u>	<u>Description</u>	
<u>24667</u>		<u>Information Technology Fund</u>	<u>1,000,000</u>
<u>74660</u>		<u>Information Technology Internal Service Fund</u>	<u>7,586,800</u>
<u>24669</u>		<u>ITS Wireless Fund</u>	<u>5,000,000</u>
<u>74500</u>	<u>7100</u>	<u>Correction Enterprise Fund</u>	<u>3,000,000</u>
<u>24609</u>	<u>2560</u>	<u>One North Carolina Fund</u>	<u>5,208,333</u>
		<u>Department of Agriculture &amp; Consumer Services (various special funds)</u>	<u>1,500,000</u>
<u>63702</u>	<u>6208</u>	<u>Farmland Preservation Trust Fund</u>	<u>1,800,000</u>
<u>54600</u>	<u>5881</u>	<u>Alcoholic Beverage Control Commission Fund</u>	<u>950,000</u>
<u>24609</u>	<u>2567</u>	<u>Industrial Development Utility</u>	<u>2,500,000</u>
<u>19944</u>		<u>Job Development Investment Grants (JDIG)</u>	<u>3,000,000</u>
<u>24300</u>	<u>2911</u>	<u>SWC CREP/Expansion</u>	<u>500,000</u>
<u>24300</u>	<u>2865</u>	<u>Aquariums Special Fund</u>	<u>1,500,000</u>
<u>24309</u>	<u>2235</u>	<u>Parks and Recreation Trust Fund</u>	<u>8,500,000</u>
<u>24611</u>	<u>2200</u>	<u>Industrial Commission – IT Projects Fund</u>	<u>1,000,000</u>
<u>24100</u>	<u>2514</u>	<u>E-Commerce Reserve</u>	<u>4,630,891</u>

**Subtotal Adjustments to Availability: Senate Bill 897 Availability**    **41,751,216**    **176,439,800**

**Revised General Fund Availability**    **18,981,762,494**    **116,451,078**  
**Less General Fund Appropriations**    **18,958,293,337**    **18,958,994,212**

**Balance Remaining**    **23,469,157**    **157,456,866"**

**REVERSIONS TO THE GENERAL FUND**

**SECTION 3.1.(a)** Effective June 30, 2011, the following amounts are reverted to the General Fund:

Code	Code	Description	
11000	1900	General Assembly Reserve	1,901,522
13085	1900	Department of Insurance Reserve	1,150,693

**SECTION 3.1.(b)** G.S. 143C-1-2(b) does not apply to the reversion from the General Assembly Reserve in subsection (a) of this section.

#### **TRANSFER GOLDEN LEAF FUNDS**

**SECTION 4.(a)** Pursuant to Section 2(b) of S.L. 1999-2, the fifty percent (50%) of the 2011 annual installment payment to the North Carolina State Specific Account that would have been transferred to The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., is transferred to a General Fund account within the Settlement Reserve Fund to be used to support General Fund appropriations for the 2010-2011 fiscal year. The Attorney General shall take all necessary actions to notify the court in the action entitled State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior Court Division, Wake County, North Carolina, and the administrators of the State Specific Account established under the Master Settlement Agreement of this action by the General Assembly redirecting the payment set forth in this section.

**SECTION 4.(b)** A General Fund Account is established in the Settlement Reserve Fund. In 2011, the portion of the Master Settlement Agreement payment identified in Section 6(1) of S.L. 1999-2 shall be credited to the General Fund Account. The State Controller shall transfer all funds in the General Fund Account to the General Fund.

**SECTION 4.(c)** Funds transferred from the General Fund Account to the General Fund shall be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the 2010-2011 fiscal year.

#### **TRANSFER HEALTH AND WELLNESS TRUST FUNDS**

**SECTION 5.** Section 2.2(i) of S.L. 2009-451, as rewritten by Section 2.2(f) of S.L. 2010-31, reads as rewritten:

**"SECTION 2.2.(i)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Health Trust Account, the sum of ~~ten million three hundred ninety seven thousand dollars (\$10,397,000)~~ twenty-two million forty-five thousand eight hundred dollars (\$22,045,800) that would otherwise be deposited in the Fund Reserve shall be transferred from the Department of State Treasurer, Budget Code 23460 (Health and Wellness Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the ~~2009-2010 and~~ 2010-2011 fiscal years. These funds shall be transferred on or after April 30, 2010."

#### **TRANSFER TOBACCO TRUST FUNDS**

**SECTION 6.** Section 2.2(h) of S.L. 2009-451, as rewritten by Section 2.2(i) of S.L. 2010-31, reads as rewritten:

**"SECTION 2.2.(h)** Notwithstanding G.S. 143C-9-3, of the funds credited to the Tobacco Trust, the sum of ~~five million dollars (\$5,000,000)~~ seven million eight hundred thousand dollars (\$7,800,000) shall be transferred from the Department of Agriculture and Consumer Services, Budget Code 23703 (Tobacco Trust Fund), to the State Controller to be deposited in Nontax Budget Code 19978 (Intrastate Transfers) to support General Fund appropriations for the 2010-2011 fiscal year. These funds shall be transferred on or after April 30, 2011."

#### **TRANSFER FROM THE INDUSTRIAL COMMISSION – IT FUND**

**SECTION 6.1.** Section 14.15 of S.L. 2009-451 reads as rewritten:

**"SECTION 14.15.** ~~The~~ For the 2010-2011 fiscal year, the North Carolina Industrial Commission may retain ~~the additional revenue generated as a result of an increase in the fee charged to parties for the filing of compromised settlements.~~ all overrealized receipts. These funds shall be used for the purpose of replacing existing computer hardware and software used for the operations of the Commission. These funds may also be used to prepare any assessment of hardware and software needs prior to purchase and to develop and administer the needed databases and new Electronic Case Management System, including the establishment of two time-limited positions for application development and support and mainframe migration. ~~The Commission may not retain any fees under this section unless they are in excess of the former~~

~~two hundred dollar (\$200.00) fee charged by the Commission for filing a compromised settlement."~~

**EFFECTIVE DATE**

**SECTION 7.** This act is effective when it becomes law and applies to fiscal year 2010-2011 only.

In the General Assembly read three times and ratified this the 14<sup>th</sup> day of February, 2011.

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Walter H. Dalton  
President of the Senate

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Thom Tillis  
Speaker of the House of Representatives

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Beverly E. Perdue  
Governor

Approved \_\_\_\_\_m. this \_\_\_\_\_ day of \_\_\_\_\_, 2011