

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

**SESSION LAW 2005-144
HOUSE BILL 1630**

AN ACT AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2005; EXTENDING THE FINAL MATURITY OF CERTAIN GLOBAL TRANSPARK DEBT FROM JULY 1, 2005, UNTIL JULY 31, 2005; EXTENDING THE SUNSET ON RETIRED TEACHERS RETURNING TO THE CLASSROOM UNTIL JULY 31, 2007; CONFORMING THE STATE ESTATE TAX TO THE FEDERAL ESTATE TAX SUNSET; AND EXTENDING THE SUNSET ON THE ADDITIONAL ONE-HALF CENT STATE SALES AND USE TAX FROM JULY 1, 2005, UNTIL THE 2005 APPROPRIATIONS ACT BECOMES LAW.

The General Assembly of North Carolina enacts:

PART I. BUDGET CONTINUATION

SECTION 1. The Director of the Budget may continue to allot funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of recurring expenditures authorized in S.L. 2004-124, as amended.

The Director of the Budget shall not allocate funds for any of the purposes set out in the budget reductions contained in Senate Bill 622, fourth edition, and Senate Bill 622, seventh edition, that are not in controversy.

Vacant positions subject to the proposed budget reductions in either Senate Bill 622, fourth edition, or Senate Bill 622, seventh edition, shall not be filled.

To the extent necessary to implement this authorization, there is appropriated from the appropriate State funds and cash balances, federal receipts, and departmental receipts for the 2005-2006 fiscal year funds necessary to carry out this section.

The appropriations and the authorizations to allocate and spend funds which are set out in this section shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2005 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2005 becomes law, the Director of the Budget shall adjust allotments to give effect to that act from July 1, 2005.

Except as otherwise provided by this act, the limitations and directions for the 2004-2005 fiscal year set out in S.L. 2003-284, as amended, and in S.L. 2004-124, as amended, remain in effect. Session laws that applied to appropriations to particular

agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this section.

PART II. FEDERAL BLOCK GRANTS

SECTION 2. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Sections 5.1 and 5.2 of S.L. 2004-124 and as otherwise provided by law, and appropriations from federal block grants are hereby made.

PART III. NO AUTOMATIC STEP INCREASE FOR STATE AND PUBLIC SCHOOL EMPLOYEES

SECTION 3. State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

PART IV. SALARY-RELATED CONTRIBUTIONS/EMPLOYER

SECTION 4.(a) The State's employer contribution rates budgeted for retirement and related benefits for the 2005-2006 fiscal year shall remain the same as they are on June 30, 2005.

SECTION 4.(b) The State's employer contribution rates established by this section are effective only until this section expires and are subject to revision in the Current Operations and Capital Improvements Appropriations Act of 2005. If the Current Operations and Capital Improvements Appropriations Act of 2005 modifies these rates, the Director of the Budget shall further modify the rates set in that act for the remainder of the 2005-2006 fiscal year so as to compensate for the different amount contributed between July 1, 2005, and the date the Current Operations and Capital Improvements Appropriations Act of 2005 becomes law so that the effective rates for the entire year reflect the rates set in the Current Operations and Capital Improvements Appropriations Act of 2005.

PART V. FUNDS SHALL NOT REVERT

SECTION 5.(a) If the provisions of either Senate Bill 622, fourth edition, or Senate Bill 622, seventh edition, or both, direct that funds shall not revert, the funds shall not revert on June 30, 2005. Unless these funds are encumbered on or before June 30, 2005, these funds shall not be expended after June 30, 2005, except as provided by a law enacted after June 30, 2005.

SECTION 5.(b) This section becomes effective June 30, 2005.

PART VI. STATE CONTROLLER SHALL NOT TRANSFER FUNDS ON JUNE 30

SECTION 6.(a) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3A, for the 2004-2005 fiscal year only, funds shall not be reserved to the Repairs and Renovations Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Repairs and Renovations Reserve Account on June 30, 2005.

SECTION 6.(b) Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, for the 2004-2005 fiscal year only, funds shall not be reserved to the Savings Reserve Account, and the State Controller shall not transfer funds from the unreserved credit balance to the Savings Reserve Account on June 30, 2005.

SECTION 6.(c) This section becomes effective June 30, 2005.

PART VII. MODIFY GLOBAL TRANSPARK DEBT

SECTION 7. G.S. 147-69.2(b)(11) reads as rewritten:

"(b) It shall be the duty of the State Treasurer to invest the cash of the funds enumerated in subsection (a) of this section in excess of the amount required to meet the current needs and demands on such funds, selecting from among the following:

- ...
- (11) With respect to assets of the Escheat Fund, obligations of the North Carolina Global TransPark Authority authorized by G.S. 63A-4(a)(22), not to exceed twenty-five million dollars (\$25,000,000), that have a final maturity not later than ~~July 1, 2005.~~ July 31, 2005. The obligations shall bear interest at the rate set by the State Treasurer. No commitment to purchase obligations may be made pursuant to this subdivision after September 1, 1993, and no obligations may be purchased after September 1, 1994. In the event of a loss to the Escheat Fund by reason of an investment made pursuant to this subdivision, it is the intention of the General Assembly to hold the Escheat Fund harmless from the loss by appropriating to the Escheat Fund funds equivalent to the loss."

PART VII-A. EXTEND THE SUNSET ON RETIRED TEACHERS RETURNING TO THE CLASSROOM

SECTION 7A.1. Subsection (d) of Section 28.24 of S.L. 1998-212, as amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

"(d) This section becomes effective January 1, 1999, and expires June 30, ~~2005.~~ 2007."

SECTION 7A.2. The introductory language of Section 67 of S.L. 1998-217, as amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

"**SECTION 67.** Effective January 1, 1999, through June 30, ~~2005,~~ 2007, G.S. 135-3(8)c., as rewritten by Section 28.24(a) of S.L. 1998-212 reads as rewritten:"

SECTION 7A.3. Subsection (b) of Section 67.1 of S.L. 1998-217, as amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

"(b) This section becomes effective January 1, 1999, and expires June 30, ~~2005.~~ 2007."

SECTION 7A.4. Subsection (c) of Section 32.25 of S.L. 2001-424, as amended by Section 31.18A of S.L. 2004-124, reads as rewritten:

"**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires June 30, ~~2005.~~ 2007."

SECTION 7A.5. This part becomes effective June 30, 2005.

PART VIII. CONFORM ESTATE TAX TO FEDERAL SUNSET

SECTION 8.1. Section 30C.3(b) of S.L. 2002-126, as amended by Section 37A.4 of S.L. 2003-284 and Section 1 of S.L. 2004-170, reads as rewritten:

"**SECTION 30C.3.(b)** This section is effective on and after January 1, 2002, and applies to the estates of decedents dying on or after that date. ~~This section and Section 37A.5 of S.L. 2003-284 are repealed effective for the estates of decedents dying on or after July 1, 2005.~~"

SECTION 8.2. Section 4(b) of S.L. 2004-170 is repealed.

SECTION 8.3. This part is effective when it becomes law.

PART IX. EXTEND SUNSET ON ADDITIONAL ONE-HALF CENT STATE SALES AND USE TAX RATE

SECTION 9.1. Section 34.13(c) of S.L. 2001-424, as amended by Section 38.1 of S.L. 2003-284, reads as rewritten:

"**SECTION 34.13.(c)** This section becomes effective October 16, 2001, and applies to sales made on or after that date. This section is repealed effective for sales made ~~on or after July 1, 2005.~~ the date that Senate Bill 622, 2005 Regular Session, the 2005 Appropriations Act, becomes law. In no event is the tax extended beyond December 31, 2005. This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this section before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal."

SECTION 9.2. This part is effective when it becomes law.

PART X. EFFECTIVE DATE

SECTION 10. Except as otherwise provided, Parts I through VI of this act become effective July 1, 2005, and expire July 20, 2005. Except as otherwise provided, the remainder of this act becomes effective June 30, 2005.

In the General Assembly read three times and ratified this the 30th day of June, 2005.

s/ Charlie S. Dannelly
Deputy President Pro Tempore of the Senate

s/ James B. Black

Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 2:49 p.m. this 30th day of June, 2005