

Chapter 143C.
State Budget Act.
Article 1.
General Provisions.

§ 143C-1-1. Purpose and definitions.

(a) Title of Chapter. – This Chapter is the "State Budget Act" and may be cited by that name.

(b) The provisions of this Chapter shall apply to every State agency, unless specifically exempted herein, and to every non-State entity that receives or expends any State funds. No State agency or non-State entity shall expend any State funds except in accordance with an act of appropriation and the requirements of this Chapter. The provisions of Chapter 120 of the General Statutes shall continue to apply to the General Assembly and to control its expenditures and in the event of a conflict with this Chapter, the provisions of Chapter 120 of the General Statutes shall control. Nothing in this Chapter abrogates or diminishes the inherent power of the legislative, executive, or judicial branch.

(c) Purpose. – This Chapter establishes procedures for the following:

- (1) Preparing the recommended State budget.
- (2) Enacting the State budget.
- (3) Administering the State budget.

(d) Definitions. – The following definitions apply in this Chapter:

- (1) Appropriation. – An enactment by the General Assembly authorizing the withdrawal of money from the State treasury. An enactment by the General Assembly that authorizes, specifies, or otherwise provides that funds may be used for a particular purpose is not an appropriation.
- (1a) Authorized budget. – The certified budget with changes authorized by the Director of the Budget through authority granted in G.S. 143C-6-4 or other statutes.
- (1b) Availability. – The total anticipated cash available within a fund for appropriation purposes, including unreserved fund balance and all revenue and receipts anticipated in a fiscal year.
- (1c) Base Budget. – That part of the recommended State budget that provides the baseline for the next biennium. The base budget for each State agency shall be the authorized budget for that agency with adjustments only for the following:
 - a. Annualization of programs and positions.
 - b. Reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium.
 - c. Increases to adjust for nonrecurring reductions during the prior fiscal biennium.
 - d. Adjustments for federal payroll tax changes.
 - e. Rate increases in accordance with the terms of existing leases of real property.
 - f. Adjustments to receipt projections, made in accordance with G.S. 143C-3-5(b)(2)c.
 - g. Reconciliation of intragovernmental and intergovernmental transfers.
 - h. Adjustments for statutory appropriations and other adjustments as directed by the General Assembly.

- (2) Biennium. – The two fiscal years beginning on July 1 of each odd-numbered year and ending on June 30 of the next odd-numbered year.
- (3) Budget. – A plan to provide and spend money for specified programs, functions, activities, or objects during a fiscal year.
- (4) Budget year. – The fiscal year for which a budget is proposed and enacted.
- (5) Capital improvement. – A term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred thousand dollars (\$100,000) in value.
- (6) Repealed by Session Laws 2017-57, s. 6.6(a), effective July 1, 2017, and applicable beginning with the base budget developed for the 2018-2019 fiscal year.
- (7) Certified budget. – The budget as enacted by the General Assembly including adjustments made for (i) distributions to State agencies from statewide reserves appropriated by the General Assembly, (ii) distributions of reserves appropriated to a specific agency by the General Assembly, and (iii) organizational or budget changes mandated by the General Assembly.
- (7a) Repealed by Session Laws 2014-100, s. 6.4(a), effective July 1, 2014, and applicable beginning with the recommended State budget of the 2015-2017 fiscal biennium.
- (8) Controller. – The Office of the State Controller.
- (9) Current Operations Appropriations Act. – An act of the General Assembly estimating revenue availability for and appropriating money for the current operations and capital improvement needs of State government during one or more budget years.
- (10) Departmental receipt. – Fees, licenses, federal funds, grants, fines, penalties, tuition, and other similar collections or credits generated by State agencies in the course of performing their governmental functions that are applied to the cost of a program administered by the State agency or transferred to the Civil Penalty and Forfeiture Fund pursuant to G.S. 115C-457.1, and that are not defined as tax proceeds or nontax revenues. Departmental receipts may include moneys transferred into a fiscal year from a prior fiscal year.
- (11) Director. – The Director of the Budget, who is the Governor.
- (12) Encumbrance. – A financial obligation created by a purchase order, contract, salary commitment, unearned or prepaid collections for services provided by the State, or other legally binding agreement.
- (13) Fiscal period. – A fiscal biennium beginning in odd-numbered years or the first or second fiscal year within a fiscal biennium.
- (14) Fiscal year. – The annual period beginning July 1 and ending on the following June 30.
- (15) Fund. – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other resources, together with all related liabilities and residual equities or balances, and changes therein, for the purpose of carrying on stated programs, activities, and objectives of State government.
- (16) General Fund Operating Budget. – The sum of all appropriations from the General Fund for a fiscal year, except appropriations for (i) capital improvements, including repairs and renovations, and (ii) one-time expenditures due to natural disasters or other emergencies shall not be included.
- (16a) Increase the scope. – With respect to a capital improvement project, either increasing the square footage of a capital improvement project by more than

ten percent (10%) of the amount authorized or programming new functions into the project.

- (17) Information technology. – As defined in G.S. 143B-1320.
- (18) Non-State entity. – Any of the following that is not a State agency: an individual, a firm, a partnership, an association, a county, a corporation, or any other organization or group acting as a unit. The term includes a unit of local government and public authority.
- (19) Nontax revenue. – Revenue that is not a tax proceed or a departmental receipt and that is required by statute to be credited to a fund.
- (20) Object or line item. – An expenditure or receipt in a recommended or enacted budget that is designated in the Budget Code Structure of the North Carolina Accounting System Uniform Chart of Accounts prescribed by the Office of the State Controller.
- (21) Performance information. – The organizational structure, agency activity statements, performance indicators, and analyses of program efficiency and effectiveness.
- (22) Public authority. – A municipal corporation that is not a unit of local government or a local governmental authority, board, commission, council, or agency that (i) is not a municipal corporation and (ii) operates on an area, regional, or multiunit basis, and the budgeting and accounting systems of which are not fully a part of the budgeting and accounting systems of a unit of local government.
- (23) Purpose or program. – A group of objects or line items for support of a specific activity outlined in a recommended or enacted budget that is designated by a nine-digit fund code in accordance with the Budget Code Structure of the North Carolina Accounting System Uniform Chart of Accounts prescribed by the Office of the State Controller.
- (24) State agency. – A unit of the executive, legislative, or judicial branch of State government, such as a department, an institution, a division, a commission, a board, a council, or The University of North Carolina. The term does not include a unit of local government or a public authority.
- (25) State funds. – Any moneys including federal funds deposited in the State treasury except moneys deposited in a trust fund or agency fund as described in G.S. 143C-1-3.
- (26) State resources. – All financial and nonfinancial assets of the State.
- (27) State revenue. – An increase, other than interfund transfers and debt issue proceeds, in the financial assets of any State governmental or proprietary fund.
- (28) Statutory appropriation. – An appropriation enacted by the General Assembly in the General Statutes that authorizes the current and future withdrawal of funds from the State treasury during current and future fiscal years, without further act of the General Assembly.
- (29) Unit of local government. – A municipal corporation that has the power to levy taxes, including a consolidated city-county, as defined by G.S. 160B-2(1), and all boards, agencies, commissions, authorities, and institutions thereof that are not municipal corporations.
- (30) Unreserved fund balance. – The available cash balance effective June 30 after excluding documented encumbrances, unearned revenue, statutory requirements, and other legal obligations to a fund's cash balance as determined by the State Controller. Beginning unreserved fund balance equals ending unreserved fund balance from the prior fiscal year. (2006-66, s.

6.19(h); 2006-203, s. 3; 2006-221, s. 3A; 2006-259, s. 40(h); 2007-393, s. 2;
2010-31, s. 30.8; 2013-360, s. 6.12(a), (b), (h), (i); 2014-100, s. 6.4(a), (b);
2015-241, s. 7A.4(z); 2017-57, s. 6.6(a); 2018-5, s. 36.7(c).)