GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 1388 Finance Committee Substitute Adopted 7/11/90 Third Edition Engrossed 7/13/90

Short Title: Restructure Budget Process. (Public)
Sponsors:
Referred to:
May 25, 1990
A BILL TO BE ENTITLED
AN ACT TO PROVIDE FOR ANNUAL BUDGETS, STREAMLINE THE LEGISLATIVE PROCESS, AND STUDY A RESTRUCTURING OF THE BUDGET PROCESS SO AS TO ASSURE MORE STABLE BUDGETING, BY PROVIDING FOR USE OF THE PRIOR CALENDAR YEAR'S COLLECTIONS AS THE REVENUE ESTIMATES, RESCHEDULING THE PRIMARY AND OTHER ELECTION-LAW DATES, LIMITING USE OF REVERSIONS TO ONE-TIME EXPENDITURES. The General Assembly of North Carolina enacts: —REVENUE ESTIMATES/ANNUAL BUDGET Section 1. If the Economic Future Study Commission is greated by the 1989.
Section 1. If the Economic Future Study Commission is created by the 1989 General Assembly, that commission shall:
(1) Study and recommend to the 1991 General Assembly whether in preparing and enacting the budget for a fiscal year, the Governor and General Assembly shall use as the State funds revenue estimate for the General, Highway, and Wildlife Funds no more than the total State funds received for the calendar year ending December 31 immediately prior to the fiscal year:

Study and recommend to the 1991 General Assembly whether if the

budget estimates any reversions at the end of the fiscal year ending

immediately prior to the beginning of the fiscal year covered by the

(2)

budget, those reversions may be proposed only for capital projects, or other projects with a fiscal impact only in that fiscal year;

(3) If it recommends favorable on (1) or (2) above, include any necessary technical provisions, as well as propose a transition period to enable a smoother change in budget process.

The purpose of such changes in the budget process would be to provide an estimate to be used in the budget process, so that enactment of the budget need not wait until the end of the fiscal year. This will enable shortening of the legislative session, as well as allowing State agencies and local governments adequate time to implement the adopted budget.

Sec. 1.1. No later than February 1, 1991, the Fiscal Research Division and the Office of State Budget and Management shall agree on revenue estimates for the State budget for fiscal year 1991-92, these estimates shall be forwarded to the General Assembly, and those revenue estimates shall be used in the budget enactment process, except as may be modified by changes in the revenue laws enacted by the 1991 Regular Session or by federal law, provided, if the Fiscal Research Division and the Office of State Budget and Management do not agree on revenue estimates for the State budget for fiscal year 1991-92, they shall each forward those estimates on February 1, 1991, and the lower of the two revenue estimates shall be used in the budget enactment process, except as may be modified by changes in the revenue laws enacted by the 1991 Regular Session or by federal law.

Sec. 1.2. The Executive Budget Act, Article 1 of Chapter 143 of the General Statutes, is amended by adding the following new section:

"§ 143-2.1. Annual budget.

The Governor shall propose and the General Assembly shall enact a budget covering one fiscal year only, that being the fiscal year commencing on July 1 of the year of enactment of the bill."

—-LIMIT LEGISLATIVE SESSION LENGTH

Sec. 2. G.S. 120-11.1 reads as rewritten:

"§ 120-11.1. Time of meeting.

The regular session of the Senate and House of Representatives shall be held biennially beginning on the first Wednesday after the second Monday in January next after their election for five legislative days. The regular session will adjourn, to reconvene on the third Monday in February in that year. The regular session shall adjourn in the odd-numbered year not later than the third Friday in May, as provided by joint resolution, to reconvene in the next even-numbered year on the first Monday in February, and shall adjourn **sine die** not later than the last Friday in April, as provided by joint resolution; provided that in 1991 and decennially thereafter, the General Assembly may continue in session in the odd-numbered year beyond the last Friday in April, but only for the consideration of redistricting of the Senate, the House of Representatives, the United States House of Representatives, and units of local government, and for any changes in election laws required by the redistricting."

Sec. 3. G.S. 120-3.1(c) reads as rewritten:

- "(c) When the General Assembly by joint action of the two houses adjourns to a day certain, which day is more than three days after the date of adjournment, the period between the date of adjournment and the date of reconvening shall for the purposes of this section be deemed to be a period when the General Assembly is not in session, and no member shall be entitled to subsistence and travel allowance during that period, except under circumstances which would entitle him to subsistence and travel allowance when the General Assembly is not in session. If the General Assembly remains in regular session in any:
 - Odd-numbered year during the period of adjournment from five legislative days after convening until the third Monday in February or after the date when G.S. 120-11.1 requires adjournment until the even-numbered year; or
 - Even-numbered year after the date when G.S. 120-11.1 requires adjournment sine die,

the period until such adjournment or adjournment sine die shall for the purposes of this section be deemed to be a period when the General Assembly is not in session, and no member shall be entitled to subsistence and travel allowance during that period."

Sec. 3.4. If any local act provides that members of a school administrative unit elected at the same time as the county primary election shall take office on the first day of July or the first Monday in July after their election, that act is amended so that those persons elected will take office on the first day of August, or the first Monday in August, respectively

—-CONFORMING AMENDMENTS/EXECUTIVE BUDGET ACT

Sec. 4. G.S. 143-4.1 reads as rewritten:

"§ 143-4.1. Biennial Annual inspection.

The Commission shall make a biennial an annual inspection of those physical facilities of the State it deems necessary. The Governor may make a biennial an annual inspection of those facilities of the State he deems necessary."

Sec. 5. G.S. 143-8 reads as rewritten:

"§ 143-8. Reporting of legislative and judicial expenditures and financial needs.

On or before the first day of September, biennially, in the even-numbered years, of each year the Legislative Administrative Officer shall furnish the Director a detailed statement of expenditures of the General Assembly for the current fiscal bienniumyear, and an estimate of its financial needs, itemized in accordance with the budget classification adopted by the Director and approved and certified by the President pro tempore of the Senate and the Speaker of the House for each year of the ensuing biennium beginning with the first day of July thereafterthe next fiscal year. The Administrative Officer of the Courts shall furnish the Director a detailed statement of expenditures of the judiciary, and for each year of the eurrent-fiscal biennium-year an estimate of its financial needs as provided by law, itemized in accordance with the budget classification adopted by the Director and approved and certified by the Chief Justice for each year of the ensuing biennium, beginning with the first day of July thereafterthe next fiscal year. The Director shall include these estimates and accompanying explanations

in the budget submitted with such recommendations as the Director may desire to make in reference thereto."

Sec. 6. G.S. 143-11 reads as rewritten:

"§ 143-11. Survey of departments.

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On or before the fifteenth day of December biennially in the even-numbered years first day of February each year, the Director shall make a complete, careful survey of the operation and management of all the departments, bureaus, divisions, officers, boards, commissions, institutions, and agencies and undertakings of the State and all persons or corporations who use or expend funds as hereinbefore defined, in the interest of and efficiency, and a working knowledge upon which to base recommendations to the General Assembly as to appropriations for maintenance and special funds and capital expenditures for the succeeding biennium fiscal year. If the Director and the Commission shall agree in their recommendations for the budget for the next biennial period fiscal year, he shall prepare their report in the form of a proposed budget, together with such comment and recommendations as they may deem proper to make. If the Director and Commission shall not agree in substantial particulars, the Director shall prepare the proposed budget based on his own conclusions and judgment, and the Commission or any of its members retain the right to submit separately to the General Assembly such statement of disagreement and the particulars thereof as representing their views. The budget report shall contain a complete and itemized plan of all proposed expenditures for each State department, bureau, board, division, institution, commission, State agency or undertaking, person or corporation who receive or may receive for use and expenditure any State funds as hereinbefore defined, in accordance with the classification adopted by the State Controller, and of the estimated revenues as provided by G.S. 143-2.1 and borrowings for each year in the ensuing biennial period beginning with the first day of July thereafter the next fiscal year. Opposite each item of the proposed expenditures, the budget shall show in separate parallel columns the amount expended for the last preceding appropriation—fiscal year, for the current appropriation—fiscal year, and the increase or decrease. The budget shall clearly differentiate between general fund expenditures for operating and maintenance, special fund expenditures for any purpose, and proposed capital outlays.

The Director shall accompany the budget with:

- (1) A budget message supporting his recommendations and outlining a financial policy and program for the ensuing biennium fiscal year. The message will include an explanation of increase or decrease over past expenditures, a discussion of proposed changes in existing revenue laws and proposed bond issues, their purpose, the amount, rate of interest, term, the requirements to be attached to their issuance and the effect such issues will have upon the redemption and annual interest charges of the State debt.
- (2) State Controller reports including:
 - a. An itemized and complete financial statement for the State at the close of the last preceding fiscal year ending June 30.
 - b. A statement of special funds.

- c. A statement showing the itemized estimates of the condition of the State treasury as of the beginning and end of each of the next two appropriation years fiscal year.

 A report on the fees charged by each State department, bureau.
 - (3) A report on the fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous fiscal year and the previous calendar year, the statutory or regulatory authority for each fee, the amount of the fee, when the amount of the fee was last changed, the number of times the fee was collected during the prior fiscal year and the previous calendar year, and the total receipts from the fee during the prior fiscal year and the previous calendar year.

It shall be a compliance with this section by each incoming Governor, at the first session of the General Assembly in his term, to submit the budget report with the message of the outgoing Governor, if he shall deem it proper to prepare such message, together with any comments or recommendations thereon that he may see fit to make, either at the time of the submission of the said report to the General Assembly, or at such other time, or times, as he may elect and fix.

The function of the Advisory Budget Commission under this section applies only if the Director of the Budget consults with the Commission in preparation of the budget."

Sec. 7. G.S. 143-12 reads as rewritten:

"§ 143-12. Bills containing proposed appropriations.

- (a) The Director shall cause to be prepared and submitted to the General Assembly the following bills:
 - A bill containing all proposed current operations appropriations of the budget for each year in the ensuing bienniumthe ensuing fiscal year, which shall be known as the 'Current Operations Appropriations Bill', and a bill containing all proposed capital appropriations of the budget for each year in the ensuing bienniumthe ensuing fiscal year, which shall be known as the 'Capital Improvement Appropriations Bill'.
 - (2) If necessary, a bill containing the Director of the Budget's views on revenue for the ensuing biennium fiscal year, which shall be known as the 'Budget Revenue Bill', and shall provide an amount of revenue for the ensuing biennium fiscal year sufficient, in the opinion of the Director and the Commission, to meet the appropriations contained in the Current Operations Appropriations Bill and the Capital Improvement Appropriations Bill.
 - (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1034, s. 153.
- (b) To the end that all expenses of the State may be brought and kept within the budget, the Current Operations Appropriations Bill shall contain a specific sum as a contingent or emergency appropriation, and shall allocate a specific portion of that sum to a special reserve to be used solely for purposes as outlined in G.S. 143-23(a1)(3), (4), and (5). The manner of the allocation of such contingent or emergency appropriation

 shall be as follows: Any institution, department, commission, or other agency or activity of the State, or other activity in which the State is interested, desiring an allotment out of such contingent or emergency appropriation, shall upon forms prescribed and furnished by the Director of the Budget, present such request in writing to the Director of the Budget, with such information as he may require, and if the Director of the Budget shall approve such request, in whole or in part, he shall forthwith present the same to the Governor and Council of State, and upon their order only shall such allotment be made. If the Director shall disapprove the request of such an allotment out of the emergency or contingent appropriation, he shall transmit his refusal and his reason therefor to the Governor and Council of State for their information.

Funds allocated from the contingent or emergency appropriation may be used only for the purpose for which they were allocated and may not be reallocated for another purpose by the Governor and the Council of State. If the funds are not spent or encumbered for the purpose for which they were allocated by the end of the fiscal biennium-next fiscal year and if the Governor and the Council of State do not reallocate them for that same purpose, the funds shall revert to the fund from which the contingent or emergency appropriation was made. Also, if the funds are not needed for the purpose for which they were allocated, the funds shall revert to the fund from which the contingent or emergency appropriation was made.

(c) The Director of the Budget may, in preparation of the Appropriations and Revenue Bills, seek the advice of the Advisory Budget Commission. If the Director and the Commission shall not agree as to the Appropriations and Revenue Bills in substantial particulars, the Director shall prepare the same, based on his conclusions and judgment, and the Commission or any of its members retain the right to submit separately to the General Assembly such statement of disagreement and the particulars thereof as they shall find proper to submit as representing their own views."

Sec. 8. G.S. 143-12.1(d) reads as rewritten:

"(d) The Office of State Budget and Management-Director of the Budget shall submit to the General Assembly along with or as a part of the biennial-annual budget (and along with or as a part of any second-year budget requests)-budgets for vending facilities operated by General Fund, Highway Fund, and Wildlife Fund departments' and institutions' operating budgets."

Sec. 9. G.S. 143-13 reads as rewritten:

"§ 143-13. Printing copies of budget report and bills and rules for the introduction of the same.

The Director shall cause to be printed one thousand copies each of the budget report, the Current Operations Appropriations Bill, Capital Improvement Appropriations Bill, and the Budget Revenue Bill. The Governor shall present copies thereof to the General Assembly, together with the biennial-annual-

 chairmen of the finance committees in each branch of the General Assembly: Provided, that for the years in which the Governor is elected, other than when a Governor is elected for a second successive term the Director shall deliver the budget report and the Current Operations Appropriations Bill and the Capital Improvement Appropriations Bill and the Budget Revenue Bill to the Governor-elect, on or before the fifteenth day of December, and the said budget report, Appropriations, and Revenue Bills, shall be presented by the Governor to the General Assembly with such recommendations in the way of amendments, or other modifications, together with such criticism as he may determine. The provisions herein contained as to the introduction of the bills mentioned in this section shall be considered and treated as a rule of procedure in the Senate and House of Representatives until otherwise expressly provided for by a rule in either, or both, of said branches of the General Assembly."

Sec. 10. G.S. 143-18.1 reads as rewritten:

"§ 143-18.1. Decrease of projects within capital improvement appropriations; requesting authorization of capital projects not specifically provided for.

- (a) Upon the request of the administration of a State agency or institution, the Director of the Budget may decrease the scope of a capital improvement project. Prior to taking any action under this subsection, the Director of the Budget may consult with the Advisory Budget Commission.
- (b) Upon the request of the administration of a State agency or institution, the Director of the Budget may when, in his opinion, it is in the best interest of the State to do so, increase the cost of a capital improvement project within the appropriation made to that State agency or institution within the capital improvement appropriation to that agency or institution for that biennium fiscal year, provided that the project may not be increased in scope under the authority of this subsection. Prior to taking any action under this subsection, the Director of the Budget may consult with the Advisory Budget Commission.
- Upon the request of the administration of any State agency or institution, the Director of the Budget may accept funds by gift or grant for the construction of a capital improvement project not specifically provided for or authorized by the General Assembly. These funds shall be placed in a special reserve account to be held by the State Treasurer until the end of the biennium-fiscal year in which the account was established or until the capital improvement project is authorized by the Director of the Budget, whichever occurs first. These funds shall be invested and the interest thereon shall be added to the reserve. If the project is not authorized by the end of that biennium the next fiscal year, the State Treasurer shall pay the funds accumulated in the special reserve account to the grantor or donor. Upon the establishment of a special reserve account under this section, the Director of the Budget shall notify the Speaker of the House and President of the Senate of the receipt of the funds and the existence of the reserve account. Upon the request of the administration of any State agency or institution, the Governor may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by receipts, special funds, self-liquidating indebtedness, other funds, or any combination of funds, but not including funds appropriated from the General Fund. All expenditures under this authorization shall be handled in full compliance with the provisions of the Executive Budget Act.

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The agency shall support its request for such capital improvement project, or projects, with the following information: the estimated annual operating costs for (i) utilities; (ii) maintenance; (iii) repairs; (iv) additional personnel; (v) any and all other expenses to the State resulting from the addition of this facility to the plant of the institution. Prior to taking any action under this section to authorize a project, the Governor or the Director of the Budget may consult with the Advisory Budget Commission and the Capital Planning Commission."

Sec. 11. G.S. 143-25 reads as rewritten:

"§ 143-25. Maintenance appropriations dependent upon adequacy of revenues to support them.

All maintenance appropriations now or hereafter made are hereby declared to be maximum, conditional and proportionate appropriations, the purpose being to make the appropriations payable in full in the amounts named herein if necessary and then only in the event the aggregate revenues collected and available during each-the fiscal year of the biennium for which such appropriations are made, are sufficient to pay all of the appropriations in full; otherwise, the said appropriations shall be deemed to be payable in such proportion as the total sum of all appropriations bears to the total amount of revenue available in each of the said fiscal vears year. The Director of the Budget is hereby given full power and authority to examine and survey the progress of the collection of the revenue out of which such appropriations are to be made, and to declare and determine the amounts that can be, during each quarter of each of-the fiscal years of the biennium properly allocated to each respective appropriation. In making such examination and survey, he shall receive estimates of the prospective collection of revenues from the Secretary of Revenue and every other revenue collecting agency of the State. The Director of the Budget may reduce all of said appropriations pro rata when necessary to prevent an overdraft or deficit to the fiscal period year for which such appropriations are made. The purpose and policy of this Article are to provide and insure that there shall be no overdraft or deficit in the general fund of the State at the end of the fiscal periodyear, growing out of appropriations for maintenance and the Director of the Budget is directed and required to so administer this Article as to prevent any such overdraft or deficit. Prior to taking any action under this section to reduce appropriations pro rata, the Governor may consult with the Advisory Budget Commission."

Sec. 12. G.S. 143-28.1(4) reads as rewritten:

"(4) Anticipation of Revenues. – In awarding State highway construction and maintenance contracts requiring payments beyond a bienniumperiod consisting of two fiscal years, the first of which ends in an even number, the Director of the Budget may anticipate revenues as authorized and certified by the General Assembly, to continue contract payments for up to seventy-five percent (75%) of the revenues which are estimated for the first-next fiscal year which ends in an even number of the succeeding biennium—and which are not required for other budget items. Up to fifty percent (50%) of

the revenues not required for other budget items may be anticipated for the second and subsequent fiscal years' contract payments."

—-OTHER CONFORMING AMENDMENTS

Sec. 13. G.S. 7A-101 reads as rewritten:

"§ 7A-101. Compensation.

(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county, as determined by the population projections of the Office of State Budget and Management for the year preceding the first year of each biennial budget fiscal year in which the salary is being paid, according to the following schedule:

11	1 Population Annu		al Salary	
12	<u>1989-90</u> <u>1990-91</u>			
13	Less than 99,999	\$ 44,256	46,920	
14	100,000 to 199,999	50,016	53,028	
15	200,000 and above	57,072	60,504	

When a county changes from one population group to another, the salary of the clerk shall be changed to the salary appropriate for the new population group on July 1 of the first year of each biennial budgetnext fiscal year, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office.

- (b) The clerk shall receive no fees or commission by virtue of his office. The salary set forth in this section is the clerk's sole official compensation, but if, on June 30, 1975, the salary of a particular clerk, by reason of previous but no longer authorized merit increments, is higher than that set forth in the table, that higher salary shall not be reduced during his continuance in office.
- (c) In lieu of merit and other increment raises paid to regular State employees, a clerk of superior court shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Budget Appropriation—Current Operations Appropriations Act payable monthly after five years of service, nine and sixtenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of service. Service shall mean service in the elective position of clerk of superior court, as an assistant clerk of court and as a supervisor of clerks of superior court with the Administrative Office of the Courts and shall not include service as a deputy or acting clerk. Service shall also mean service as a justice or judge of the General Court of Justice or as a district attorney."

Sec. 14. G.S. 7A-467(a) reads as rewritten:

"(a) Each public defender is entitled to such assistant public defenders and investigators, full-time or part-time, as may be authorized by the Administrative Office of the Courts. Assistants and investigators are appointed by the public defender and serve at his pleasure. Compensation of assistants shall be as provided in the biennial Current Operations Appropriations Act. The Administrative Officer of the Courts shall

fix the compensation of each investigator. Assistants and investigators shall perform such duties as may be assigned by the public defender."

Sec. 15. G.S. 17E-10(a) reads as rewritten:

"(a) The Commission may accept for any of its purposes and functions under this Chapter any and all donations, both real and personal, and grants of money from any governmental unit or public agency, or from any institution, person, firm or corporation, and may receive, utilize and dispose of same. Any arrangement pursuant to this section shall be detailed in a biennial an annual report of the Commission to the General Assembly. Such report shall include the identity of the donor, the nature of the transaction, and the conditions, if any. Any money received by the Commission pursuant to this section shall be deposited in the State Treasury to the account of the Commission."

Sec. 16. G.S. 58-31-5 reads as rewritten:

"§ 58-31-5. Appropriations; fund to pay administrative expenses.

Upon the expiration of the existing fire insurance policies on said properties and in making appropriations for any biennium fiscal year after the next biennium fiscal year, the Commissioner of Insurance shall file with the Department of Administration his estimate of the appropriations which will be necessary in order to set up and maintain an adequate reserve to provide a fund sufficient to protect the State, its departments, institutions, and agencies from loss or damage to any of said properties up to fifty per centum (50%) of the value thereof. Appropriations made for the creating of such fire insurance reserves against property of the Department of Agriculture, or the Department of Transportation or any special operating fund shall be charged against the funds of such departments.

The State Property Fire Insurance Fund is authorized and empowered to pay all the administrative expenses occasioned by the administration of Article 31 of Chapter 58 of the General Statutes."

Sec. 17. G.S. 58-31-45 reads as rewritten:

"§ 58-31-45. Report required of Commissioner.

The Commissioner of Insurance must <u>annually</u> submit to the Governor <u>and General Assembly</u> a full report of his official action under this Article, with such recommendations as commend themselves to him, and it shall be embodied in or attached to his biennial report to the General Assembly."

Sec. 18. G.S. 66-58(f) reads as rewritten:

"(f) Notwithstanding the provisions of G.S. 66-58(a) subsection (a) of this section, the operation by the Department of Correction of facilities for the manufacture of any product or the providing of any service pursuant to G.S. 148-70 not regulated by the provisions of subsection (c) hereof, shall be subject to the prior approval of the Governor, with biennial annual review by the General Assembly, at the beginning of each fiscal year-commencing after October 1, 1975. The Department of Correction shall file with the Director of the Budget quarterly reports detailing prison enterprise operations in such a format as shall be required by the Director of the Budget."

Sec. 19. G.S. 94-2 reads as rewritten:

"§ 94-2. Apprenticeship Council.

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The Commissioner of Labor shall appoint an Apprenticeship Council composed of four representatives each from employer and employee organizations respectively and three representatives from the public at large. One State official designated by the Department of Public Instruction and one State official designated by the Department of Community Colleges shall be a member ex officio of said council, without vote. The terms of office of the members of the Apprenticeship Council first appointed by the Commissioner of Labor shall expire as designated by the Commissioner at the time of making the appointment: two representatives each of employers and employees, being appointed for one year and one representative of the public at large being appointed for two years; and one representative each of employers, employees, and the public at large being appointed for a term of three years. Any member appointed to fill a vacancy occurring prior to the expiration of the term of his predecessor shall be appointed for the remainder of said term. Each member of the Council not otherwise compensated by public moneys, shall be reimbursed for transportation and shall receive such per diem compensation as is provided generally for boards and commissions under the biennial maintenance appropriation acts by law for each day spent in attendance at meetings of the Apprenticeship Council. The Commissioner of Labor shall annually appoint one member of the Council to act as its chairman.

The Apprenticeship Council shall meet at the call of the Commissioner of Labor and shall aid him in formulating policies for the effective administration of this Chapter. Subject to the approval of the Commissioner, the Apprenticeship Council shall establish standards for apprentice agreement which in no case shall be lower than those prescribed by this Chapter, shall issue such rules and regulations as may be necessary to carry out the intent and purposes of said Chapter, and shall perform such other functions as the Commissioner may direct. Not less than once a year the Apprenticeship Council shall make a report through the Commissioner of Labor of its activities and findings to the legislature and to the public."

Sec. 20. G.S. 96-4(a) reads as rewritten:

Duties and Powers of Commission. – It shall be the duty of the Commission to administer this Chapter. The Commission shall meet at least once in each 60 days and may hold special meetings at any time at the call of the chairman or any three members of the Commission, and the Commission shall have power and authority to adopt, amend, or rescind such rules and regulations, to employ such persons, make such expenditures, require such reports, make such investigations, and take such other action as it deems necessary or suitable in the administration of this Chapter. Such rules and regulations shall be effective upon publication in the manner, not inconsistent with the provisions of this Chapter, which the Commission shall prescribe. The Commission shall determine its own organization and methods of procedure in accordance with the provisions of this Chapter, and shall have an official seal which shall be judicially noticed. The chairman of said Commission shall, except as otherwise provided by the Commission, be vested with all authority of the Commission, including the authority to conduct hearings and make decisions and determinations, when the Commission is not in session and shall execute all orders, rules and regulations established by said Commission. Not later than November 20 preceding the meeting of the General

Assembly of each year, the Commission shall submit to the Governor a report covering 1 2 the administration and operation of this Chapter during the preceding biennium fiscal year, and shall make such recommendation for amendments to this Chapter as the 3 Commission deems proper. Such report shall include a balance sheet of the moneys in 4 the fund in which there shall be provided, if possible, a reserve against the liability in 5 future years to pay benefits in excess of the then current contributions, which reserve 6 shall be set up by the Commission in accordance with accepted actuarial principles on 8 the basis of statistics of employment, business activity, and other relevant factors for the 9 longest possible period. Whenever the Commission believes that a change in 10 contribution or benefit rates will become necessary to protect the solvency of the fund, it shall promptly so inform the Governor and the legislature, and make 11 12 recommendations with respect thereto."

Sec. 21. G.S. 105-1 reads as rewritten:

"§ 105-1. Title and purpose of Subchapter.

The title of this Subchapter shall be 'The Revenue Act.' The purpose of this Subchapter shall be to raise and provide revenue for the necessary uses and purposes of the government and State of North Carolina during the next biennium fiscal year and each biennium fiscal year thereafter, and the provisions of this Subchapter shall be and remain in full force and effect until changed by law. It is the policy of this State that as many State taxes as possible be structured so that they are deductible for federal income tax purposes under the Internal Revenue Code."

Sec. 24. G.S. 112-29 reads as rewritten:

"§ 112-29. Limit and distribution of appropriation.

The State Auditor is authorized, empowered and directed to apportion, distribute and divide the money appropriated by the State for pensions, and to issue warrants to the several pensioners pro rata in their respective grades: Provided, that if the money appropriated by the General Assembly for the Confederate soldiers, widows and servants is more than enough to pay them the amounts mentioned in this Chapter, or if for any other cause, after paying the Confederate soldiers, widows and servants the amount stipulated in their respective grades as set out in this Chapter, there should be an excess of the money appropriated for the first year, then the balance in the fund so appropriated for the first year shall revert and supplement the fund appropriated for the second year of the biennium: Provided, further, that if any moneys herein appropriated for the purposes aforesaid shall not be needed to pay the Confederate soldiers, widows and servants the amounts stipulated in their respective grades, then such moneys shall be paid by the State Board of Pensions into the treasury and become a part of the general fund appropriated by the State for other purposes: Provided, that no greater amount shall be paid out under this Chapter than is appropriated under the General Appropriation Maintenance—Current Operations Appropriations Act."

Sec. 25. G.S. 113-54 reads as rewritten:

"§ 113-54. Duties of forest rangers; payment of expenses by State and counties.

Forest rangers shall have charge of measures for controlling forest fires, protection of forests from pests and diseases, and the development and improvement of the forests for maximum production of forest products; shall post along highways and in other conspicuous places copies of the forest fire laws and warnings against fires, which shall

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be supplied by the Secretary; shall patrol and man lookout towers and other points during dry and dangerous seasons under the direction of the Secretary, and shall perform such other acts and duties as shall be considered necessary by the Secretary in the protection, development and improvement of the forested area of each of the counties within the State. No county may be held liable for any part of the expenses thus incurred unless specifically authorized by the board of county commissioners under prior written agreement with the Secretary; appropriations for meeting the county's share of such expenses so authorized by the board of county commissioners shall be For each county in which financial provided annually in the county budget. participation by the county is authorized, the Secretary shall keep or cause to be kept an itemized account of all expenses thus incurred and shall send such accounts periodically to the board of county commissioners of said county; upon approval by the board of the correctness of such accounts, the county commissioners shall issue or cause to be issued a warrant on the county treasury for the payment of the county's share of such expenditures, said payment to be made within one month after receipt of such statement from the Secretary. Appropriations made by a county for the purposes set out in Articles 4, 4A, 4C and 6A of this Chapter in the cooperative forest protection, development and improvement work are not to replace State and federal funds which may be available to the Secretary for the work in said county, but are to serve as a supplement thereto. The funds appropriated to the Department in the biennial budget appropriation act Current Operations Appropriations Act for the purposes set out in Articles 4, 4A, 4C and 6A of this Chapter shall not be expended in a county unless that county shall contribute at least twenty-five percent (25%) of the total cost of the forestry program."

Sec. 26. G.S. 113-77.8(c) reads as rewritten:

"(c) The Trustees shall receive the per diem allowed for other members of boards and commissions of the State as fixed in the Biennial Appropriations Actby law, and, in addition, the Trustees shall receive subsistence and travel expenses as fixed by statute for such purposes. Travel and subsistence expenses shall be allowed while going to or from any place of meeting or when on official business. Per diem payments shall include necessary time spent in traveling to and from their places of residence to any meeting place or while traveling on official business. Per diem, subsistence, and travel expenses of the Trustees shall be paid from the Fund."

Sec. 27. G.S. 113A-164.4(7) reads as rewritten:

"(7) Submit to the Governor and the General Assembly a biennial an annual report on or before February 15, 1987, and on or before February 15 of subsequent odd-numbered years of each year describing the activities of the past biennium fiscal year and plans for the coming biennium fiscal year, and detailing specific recommendations for action that the Secretary deems necessary for the improvement of the Program."

Sec. 28. G.S. 115C-249(h) reads as rewritten:

"(h) Appropriations made in the biennial Budget Appropriation—Current Operations

Appropriations Act for the purchase of public school buses shall be permanent appropriations, and unexpended portions of those appropriations shall not revert to the

 General Fund at the end of the biennium fiscal year for which appropriated. Any unexpended portion of those appropriations shall at the end of each fiscal year be transferred to a reserve account and shall be held, together with any other funds appropriated for the purpose, for the purchase of public school buses."

Sec. 29. G.S. 120-32(11) reads as rewritten:

"(11) To specify the uses within the General Assembly budget of funds appropriated to the General Assembly which remain available for expenditure after the end of the biennial fiscal period fiscal year, and to revert funds under G.S. 143-18."

Sec. 30. G.S. 121-12.2 reads as rewritten:

"§ 121-12.2. Procedures for preparing budget requests and expending appropriations for grants-in-aid.

Requests for funding may be submitted by these organizations to the Department of Cultural Resources. If received by any other department of State government except the General Assembly they shall be forwarded to the Department of Cultural Resources. All such requests shall be subjected to the process described in G.S. 121-12.1 and included in the Department's biennial budget request submitted in compliance with the Executive Budget Act.

The Department of Cultural Resources shall notify on a timely basis and in appropriate detail all those recipients of continuing appropriations as grants-in-aid of the requirements for submission of requests for appropriations for the ensuing fiscal period.

The Secretary of Cultural Resources is empowered and directed, in discharging the responsibilities herein assigned, to make regular and timely reviews, studies and recommendations concerning the operations and needs of these organizations for State funds, and to request from the applicants for grants and the recipients of grants through the Department, operating statements, audit reports and other information deemed appropriate."

Sec. 31. G.S. 125-2(2) reads as rewritten:

"(2) To make to the Governor a biennial an annual report of its activities and needs, including recommendations for improving its services to the State, to be transmitted by the Governor to the General Assembly."

Sec. 32. G.S. 126-79 reads as rewritten:

"§ 126-79. Report required.

The State Personnel Commission shall require a biennial an annual report of each State division, department, agency, instrumentality or authority on the status of the Work Options Program. The State Personnel Commission shall in turn make a biennial an annual report to the General Assembly on the status of the Work Options Program, including any increase in the use of job sharing, flexible work hours and any other approved work option for State employees."

Sec. 33. G.S. 127A-169 reads as rewritten:

"§ 127A-169. Unexpended portion of State appropriation.

The unexpended portion of any appropriation from the general fund of the State for the purposes set out in this Article, remaining at the end of any biennium fiscal year, shall not revert to the general fund of the State, but shall constitute part of a permanent fund

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to be expended from time to time in the manner and for the purposes set out in this Article."

Sec. 34. G.S. 130B-19(i) reads as rewritten:

"(i) No grant funds shall be used for litigation expenses. Each site designation review committee shall properly account for all funds. Unexpended funds shall revert to the Board, and at the end of the biennium-fiscal year shall revert to the General Fund."

Sec. 35. G.S. 135-8(f)(2)a. reads as rewritten:

Upon the basis of each actuarial valuation provided herein there shall be prepared biennially annually and certified to the Department of Administration a statement of the total amount necessary for the ensuing biennium-fiscal year to the pension accumulation and expense funds, as provided under subsections (d) and (f) of this section, and these funds shall be handled and disbursed in accordance with Chapter 100, Public Laws of 1929, and amendments thereto (G.S. 143-1 et seq.), known as the Executive Budget Act."

Sec. 36. G.S. 135-26 reads as rewritten:

"§ 135-26. Studies and reports.

The State agency shall make studies concerning the problem of old age and survivors insurance protection for employees of the State and local governments and their instrumentalities and concerning the operation of agreements made and plans approved under this Article and shall submit a report to the legislature at the beginning of each regular session, and at the reconvening of the regular session in the even-numbered year, covering the administration and operation of this Article during the preceding biennium fiscal year, including such recommendations for amendments to this Article as it considers proper."

Sec. 37. G.S. 136-18(25) reads as rewritten:

The Department of Transportation is hereby authorized and "(25)directed to design, construct, repair, and maintain paved streets and roads upon the campus of each of the State's institutions of higher education, at state-owned hospitals for the treatment of tuberculosis, state-owned orthopedic hospitals, juvenile correction centers, mental health hospitals and retarded centers, schools for the deaf, and schools for the blind, when such construction, maintenance, or repairs have been authorized by the General Assembly in the appropriations bills enacted by the General Assembly. Cost for such construction, maintenance, and repairs shall be borne by the Highway Fund. Upon the General Assembly authorizing the construction, repair, or maintenance of a paved road or drive upon any of the above-mentioned institutions, the Department of Transportation shall give such project priority to insure that it shall be accomplished as soon as feasible, at the minimum cost to the State, and in any event during the biennium fiscal year for which the authorization shall have been given by the

General Assembly, or if that fiscal year ends in an even number, by the end of the next fiscal year."

Sec. 38. G.S. 136-41.1(a) reads as rewritten:

"(a) There is annually appropriated out of the State Highway Fund a sum equal to the net amount after refunds that was produced during the fiscal-previous calendar year by a one and three-fourths cents $(1\ 3/4\c/e)$ tax on each gallon of motor fuel as taxed by G.S. 105-434 and 105-435, to be allocated in cash on or before October August 1 of each year to the cities and towns of the State in accordance with this section. In addition, as provided in G.S. 136-176(b)(3), revenue is allocated and appropriated from the Highway Trust Fund to the cities and towns of this State to be used for the same purposes and distributed in the same manner as the revenue appropriated to them under this section from the Highway Fund. Like the appropriation from the Highway Fund, the appropriation from the Highway Trust Fund shall be based on revenue collected during the fiscal year preceding the date the distribution is made.

Seventy-five percent (75%) of the funds appropriated for cities and towns shall be distributed among the several eligible municipalities of the State in the percentage proportion that the population of each eligible municipality bears to the total population of all eligible municipalities according to the most recent annual estimates of population as certified to the Secretary of Revenue by the State Budget Officer. This annual estimation of population shall include increases in the population within the municipalities caused by annexations accomplished through July 1 of the calendar year in which these funds are distributed. Twenty-five percent (25%) of said fund shall be distributed among the several eligible municipalities of the State in the percentage proportion that the mileage of public streets in each eligible municipality which does not form a part of the State highway system bears to the total mileage of the public streets in all eligible municipalities which do not constitute a part of the State highway system.

It shall be the duty of the mayor of each municipality to report to the Department of Transportation such information as it may request for its guidance in determining the eligibility of each municipality to receive funds under this section and in determining the amount of allocation to which each is entitled. Upon failure of any municipality to make such report within the time prescribed by the Department of Transportation, the Department of Transportation may disregard such defaulting unit in making said allotment.

The funds to be allocated under this section shall be paid in cash to the various eligible municipalities on or before October 1 of each year. Provided that eligible municipalities are authorized within the discretion of their governing bodies to enter into contracts for the purpose of maintenance, repair, construction, reconstruction, widening, or improving streets of such municipalities at any time after January 1 of any calendar year in total amounts not to exceed ninety percent (90%) of the amount received by such municipality during the preceding fiscal year, in anticipation of the receipt of funds under this section during the next fiscal year, to be paid for out of such funds when received.

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The Department of Transportation may withhold each year an amount not to exceed one percent (1%) of the total amount appropriated for distribution under this section for the purpose of correcting errors in allocations: Provided, that the amount so withheld and not used for correcting errors will be carried over and added to the amount to be allocated for the following year.

The word 'street' as used in this section is hereby defined as any public road maintained by a municipality and open to use by the general public, and having an average width of not less than 16 feet. In order to obtain the necessary information to distribute the funds herein allocated, the Department of Transportation may require that each municipality eligible to receive funds under this section submit to it a statement, certified by a registered engineer or surveyor of the total number of miles of streets in such municipality. The Department of Transportation may in its discretion require the certification of mileage on a biennial-an annual basis."

Sec. 39. G.S. 136-176(d) reads as rewritten:

''(d)A contract may be let for projects funded from the Trust Fund in anticipation of revenues pursuant to the cash-flow provisions of G.S. 143-28.1 only for the biennium two fiscal years following the year in which the contract is let."

Sec. 40. G.S. 140-5.14(10) reads as rewritten:

"(10)To make a biennial an annual report to the Governor and the General Assembly on the activities of the Board of Trustees and of the North Carolina Museum of Art;".

Sec. 41. G.S. 143-283.7 reads as rewritten:

"§ 143-283.7. Funds, expenses and gifts; reports.

There is hereby created in the State treasury a special revolving fund to be known as 'Employment of the Handicapped Revolving Fund.' The fund shall consist of all moneys received by the Department of Administration, or in behalf of the Department from the United States, any federal or State agency or institution, gifts, contributions, donations and bequests, but not excluding any other source of revenue for the purpose of promoting the employment and rehabilitation of handicapped citizens of North Carolina. The Department of Administration may use said revolving fund to pay the salaries and general expenses of the administrative office, personnel, materials, supplies, equipment, travel; provide awards, citations, scholarships, but not excluding other purposes for the promoting of the employment and rehabilitation of handicapped citizens. All expenditures from said fund shall be subject to the provisions of the Executive Budget Act.

Any moneys remaining in said revolving fund at the end of any fiscal year or biennium-shall not revert to the general fund or any other fund but shall continue to remain in said revolving fund to be expended for the purposes of this Article.

The Department of Administration shall accept, hold in trust, and authorize the use of any grant or devise of land, or any donation or bequests of money or other personal property made to the Department, so long as the terms of the grant, donation, bequest or will are carried out. The Department of Administration may invest and reinvest any funds and money, lease, or sell any real or personal property, and invest the proceeds for the purpose of promoting the employment and rehabilitation of the handicapped unless

prohibited by the terms of the grant, donation, bequest, gift, or will. If, due to circumstances, the requests of the person or persons, making the grant, donation, bequest, gift, or will cannot be carried out, the Department of Administration shall have the authority to use the remainder thereof for the purpose of this Article. Said funds shall be deposited in the revolving fund to carry out the provisions of this Article. Such gifts, donations, bequests, or grants shall be exempt for tax purposes. The Department shall report annually to the Governor all moneys and properties received and expended by virtue of this section.

All funds and properties in the hands of the Governor's Executive Committee on July 1, 1973, shall be transferred to the Department of Administration for use in furtherance of the purposes of this Article."

Sec. 42. G.S. 143-355(b)(14) reads as rewritten:

"(14) Include in the <u>biennial</u> budget the cost of performing the additional functions indicated above."

Sec. 43. G.S. 143-406 reads as rewritten:

"§ 143-406. Duties of Department of Cultural Resources.

The Department of Cultural Resources shall take action to carry out the following purposes as funds and staff permit:

- (1) Study, collect, maintain, and otherwise disseminate factual data and pertinent information relative to the arts;
- (2) Assist local organizations and the community at large with needs, resources and opportunities in the arts;
- (3) Serve as an agency through which various public and nonpublic organizations concerned with the arts can exchange information, coordinate programs and stimulate joint endeavors;
- (4) Identify research needs, encourage research and assist in obtaining funds for research;
- Assist in bringing the highest obtainable quality in the arts to the State; promote the maximum opportunity for the people to experience, enjoy, and profit from those arts.

The Department of Cultural Resources shall, in addition to such other recommendations, studies and plans as it may submit from time to time, submit a biennial an annual report of progress to the Governor, and thus, to the General Assembly."

Sec. 44. G.S. 143B-279.5 reads as rewritten:

"§ 143B-279.5. Biennial-Annual State of the Environment Report.

The Secretary of the Department of Environment, Health, and Natural Resources shall report on the state of the environment to the General Assembly and the Environmental Review Commission no later than 1 January of each odd-numbered-year beginning 1 January 1991. The report shall include:

- (1) An identification and analysis of current environmental protection issues and problems within or affecting the State and its people;
- (2) Trends in the quality and use of North Carolina's air and water resources;

- 1 (3) An inventory of areas of the State where air or water pollution is in evidence or may occur during the upcoming biennium;
 3 (4) Current efforts and resources allocated by the Department to
 - (4) Current efforts and resources allocated by the Department to correct identified pollution problems and an estimate, if necessary, of additional resources needed to study, identify, and implement solutions to solve potential problems;
 - (5) Departmental goals and strategies to protect the natural resources of the State:
 - (6) Any information requested by the General Assembly or the Environmental Review Commission;
 - (7) Suggested legislation, if necessary; and
 - (8) Any other information on the state of the environment the Secretary considers appropriate.

Other State agencies involved in protecting the State's natural resources and environment shall cooperate with the Department of Environment, Health, and Natural Resources in preparing this report."

Sec. 45. G.S. 143B-299(c) reads as rewritten:

"(c) Compensation. – The members of the Commission shall receive the usual and customary per diem allowed for the other members of boards and commissions of the State and as fixed in the Biennial Appropriation Actby law, and, in addition, the members of the Commission shall receive subsistence and travel expenses according to the prevailing State practice and as allowed and fixed by statute for such purposes, which said travel expenses shall also be allowed while going to or from any place of meeting or when on official business for the Commission. The per diem payments made to each member of the Commission shall include necessary time spent in traveling to and from their places of residence within the State to any place of meeting or while traveling on official business for the Commission."

Sec. 46. G.S. 143B-426.21(b)(3) reads as rewritten:

"(3) To develop a comprehensive plan, covering the current <u>fiscal year</u> and <u>the following bienniumthree fiscal years</u>, for the acquisition and use of information technology resources in the affected departments, which shall be updated annually and shall be submitted to the General Assembly on the first day of each regular session, and in the even-numbered year on the first day of reconvening of the regular session."

Sec. 47. G.S. 147-11(c) reads as rewritten:

"(c) In addition to the foregoing allowance, the actual expenses of the Governor while traveling outside the State on business incident to his office shall be paid by a warrant drawn on the State Treasurer. Whenever a person who is not a State official or employee is designated by the Governor to represent the Governor's office, such person shall be paid actual travel expenses incurred in the performance of such duty; provided that the payment of such travel expense shall conform to the provisions of the biennial appropriation act-law in effect at the time the payment is made."

Sec. 48. G.S. 147-68(d) reads as rewritten:

"(d) The Treasurer shall report to the <u>General Assembly</u>, Governor and Advisory Budget Commission annually and to the General Assembly at the beginning of each biennial session the exact balance in the treasury to the credit of the State, with a summary of the receipts and payments of the treasury during the preceding fiscal year, and so far as practicable an account of the same down to the termination of the current calendar year."

Sec. 49. This act shall become effective for budgets beginning with the budget for fiscal year 1991-92, except that Sections 2 and 3 of this act shall become effective upon convening of the 1991 Regular Session of the General Assembly and Sections 3.1 through 3.4 shall become effective with respect to primaries and elections on or after January 1, 1992, Section 1 of this act is effective upon ratification, and except that if this act in changing any biennial report to an annual report would cause the failure to receive information concerning a year, then one final biennial report shall be made.