

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 1569\*

Short Title: Capital Improvements Reserve Account. (Public)

Sponsors: Senators Garrou, Dannelly, Garwood, Stevens, and Jenkins.

Referred to: Appropriations/Base Budget.

May 18, 2006

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH THE CAPITAL IMPROVEMENTS RESERVE  
3 ACCOUNT AND TO RESERVE ONE-FOURTH OF THE UNRESERVED  
4 GENERAL FUND YEAR-END CREDIT BALANCE TO THE ACCOUNT.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 1 of Chapter 143 of the General Statutes is amended by  
7 adding a new section to read:

8 **"§ 143-15.3F. Capital Improvements Reserve Account.**

9 (a) Account and Use. – The Capital Improvements Reserve Account is  
10 established as a reserve in the General Fund. The funds in the Account shall be used  
11 only for one or more of the following capital improvement projects supported from the  
12 General Fund:

13 (1) Real property acquisition.

14 (2) Construction of a new State facility.

15 (3) Expansion of an existing State facility.

16 (4) Rehabilitation of an existing State facility to accommodate a use for  
17 which the existing facility was not originally designed.

18 (b) Source of Funds. – The State Controller shall reserve to the Capital  
19 Improvements Reserve Account one-fourth of any unreserved credit balance. The  
20 General Assembly may appropriate additional funds to the Account.

21 (c) Appropriation. – Funds in the Capital Improvements Reserve Account shall  
22 be expended only by an appropriation by the General Assembly. The General Assembly  
23 shall designate the capital improvement projects to be funded from this Account in the  
24 Capital Improvements Appropriation Act or another appropriations bill."

25 **SECTION 2.** G.S. 143-15.2 reads as rewritten:

26 **"§ 143-15.2. Use of General Fund credit balance; priority uses.**

27 (a) Definition. – As used in G.S. 143-15.3, 143-15.3A, and  
28 143-15.3B, 143-15.3F, the term "unreserved credit balance" means the credit balance  
29 amount, amount remaining in the General Fund at the end of a fiscal year, as determined

1 on a cash basis, before funds are reserved by the State Controller to the Savings Reserve  
2 Account or the Repairs and Renovations Reserve Account pursuant to G.S. 143-15.3  
3 and G.S. 143-15.3A, in accordance with this section.

4 (b) Transfers. – The State Controller shall transfer funds from the unreserved  
5 credit balance to the following reserve accounts. The Controller must transfer funds to  
6 the accounts in the order listed and must satisfy the requirements set for an account  
7 before reserving any funds for the next account in the list.

8 (1) The Savings Reserve Account in accordance with  
9 G.S. 143-15.3(a) established in G.S. 143-15.3.

10 (2) The

11 (e) ~~The State Controller shall transfer funds from the unreserved credit balance to~~  
12 ~~the Repairs and Renovation Reserve Account in accordance with~~  
13 ~~G.S. 143-15.3A(a) established in G.S. 143-15.3A.~~

14 (3) The Capital Improvements Reserve Account established in  
15 G.S. 143-15.3F.

16 (d) Repealed by Session Laws 2000, ch. 67, s. 7.7(e), effective June 30, 2001.

17 (e) Remaining Balance. – The General Assembly may appropriate that part of the  
18 anticipated General Fund credit balance not expected to be reserved only for capital  
19 improvements or other one-time expenditures."

20 **SECTION 3.** G.S. 143-15.3 reads as rewritten:

21 "**§ 143-15.3. Use of General Fund credit balance; priority uses.** Savings Reserve  
22 Account.

23 (a) There is established a Savings Reserve Account as a restricted reserve in the  
24 General Fund. The State Controller shall reserve to the Savings Reserve Account  
25 one-fourth of any unreserved credit balance ~~remaining in the General Fund at the end of~~  
26 ~~each fiscal year~~ until the account contains funds equal to five percent (5%) of the  
27 amount appropriated the preceding year for the General Fund operating budget,  
28 including local government tax-sharing funds, that were directly appropriated. In the  
29 event that the one-fourth exceeds the amount necessary to reach the five percent (5%)  
30 level, only funds necessary to reach that level shall be reserved. ~~If there are insufficient~~  
31 ~~funds in the unreserved credit balance for the Savings Reserve Account and the Repairs~~  
32 ~~and Renovations Reserve Account, then the requirements of this section shall be~~  
33 ~~complied with first, and any remaining funds shall be reserved to the Repairs and~~  
34 ~~Renovations Reserve Account, in accordance with G.S. 143-15.3A.~~

35 (a1) If the balance in the Savings Reserve Account falls below the five percent  
36 (5%) level during a fiscal year, the State Controller shall, in accordance with subsection  
37 (a) of this section, reserve to the Savings Reserve Account for the following fiscal years  
38 up to one-fourth of any unreserved credit balance remaining in the General Fund at the  
39 end of each fiscal year until the account again equals the five percent (5%) level set out  
40 in subsection (a) of this section.

41 (a2) The transfer of funds to the Savings Reserve Account in accordance with this  
42 section or any other provision of law is not an "appropriation made by law", as that  
43 phrase is used in Article V, Section 7(1) of the North Carolina Constitution.

- 1       (b)    The Director may not use funds in the Savings Reserve Account unless the  
2 use has been approved by an act of the General Assembly."  
3           **SECTION 4.** This act becomes effective July 1, 2006.