

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS85266-LT-24 (2/7)

Short Title: Lapsed Salaries Revert.

(Public)

Sponsors: Senator Brock.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REVERT LAPSED SALARIES TO THE GENERAL FUND FOR THE RAINY DAY FUND AND TO ENCOURAGE ACCURACY IN BUDGETING BY CORRECTLY FUNDING SALARIES AND SALARY-RELATED EXPENDITURES FOR STATE EMPLOYEES AND TEACHERS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 143C-4-2 reads as rewritten:

"§ 143C-4-2. Savings Reserve Account and appropriation of General Fund unreserved fund balance.

(a) Creation and Source of Funds. – The Savings Reserve Account is established as a reserve in the General Fund. The Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year.

(a1) Notwithstanding any other provision of law, on June 30 each year, funds available from lapsed salaries shall revert to the General Fund pursuant to G.S. 143C-6-9. The Director of the Budget shall credit those funds to the Savings Reserve Account on or before August 1 each year.

(b) Use of Funds. – The Savings Reserve Account is a component of the unappropriated General Fund balance. Funds reserved to the Savings Reserve Account shall be available for expenditure only upon an act of appropriation by the General Assembly.

(c) Goal for Savings Reserve Account Balance. – The General Assembly recognizes the need to establish and maintain sufficient reserves to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. It is a goal of the General Assembly and the State to accumulate and maintain a balance in the Savings

1 Reserve Account equal to or greater than eight percent (8%) of the prior year's General
2 Fund operating budget."

3 **SECTION 2.** G.S. 143C-6-9 reads as rewritten:

4 "**§ 143C-6-9. Use of lapsed salary savings. Lapsed salaries funds revert.**

5 Lapsed salary savings may be expended only for nonrecurring purposes or line
6 items. funds shall revert to the General Fund on June 30 each year."

7 **SECTION 3.** G.S. 116-30.3 is amended by adding a new subsection to read:

8 "(f) This section does not apply to lapsed salaries funds, which shall revert to the
9 General Fund on June 30 each year pursuant to G.S. 143C-6-9."

10 **SECTION 4.** Beginning with the 2007-2008 fiscal year and every fiscal year
11 thereafter, it is the intent of the General Assembly to provide for more accurate
12 budgeting by fully funding certain line-item expenditure accounts in the personal
13 services area that, in prior fiscal years, have been funded from lapsed salaries. Examples
14 of these accounts are workers' compensation expenditures and temporary salary
15 expenditures.

16 **SECTION 5.** Sections 1, 2, and 3 of this act become effective June 30, 2008.
17 The remainder of this act is effective when it becomes law.