

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE BILL 274
House Committee Substitute Favorable 6/29/03

Short Title: Budget Adjustment Act.

(Public)

Sponsors:

Referred to:

March 3, 2003

A BILL TO BE ENTITLED

1 AN ACT TO MAKE ADJUSTMENTS TO THE BUDGET TO DIRECT SAVINGS
2 IDENTIFIED BY THE BLUE RIBBON COMMISSION ON MEDICAID
3 REFORM TO REPLENISH THE MEDICAID TRUST FUND, TO PROVIDE FOR
4 REVIEW OF 2004-2005 FISCAL YEAR AVAILABILITY, TO PROVIDE
5 CONTINGENCIES FOR FAILURE TO IDENTIFY ADEQUATE SURPLUS
6 PROPERTY TO BE SOLD, TO PROVIDE REVENUE SHORTFALL
7 CONTINGENCY PREPARATIONS, TO REPLENISH CONTINGENCY AND
8 EMERGENCY FUND ALLOCATIONS, AND TO MAINTAIN THE CURRENT
9 LAW ON RECEIPTS.
10

11 The General Assembly of North Carolina enacts:

12 **DIRECT SAVINGS IDENTIFIED BY BLUE RIBBON COMMISSION ON**
13 **MEDICAID REFORM TO REPLENISH MEDICAID TRUST FUND**

14 **SECTION 1.** If House Bill 397, 2003 Regular Session, becomes law,
15 Section 6.14A of that act is amended by adding a new subsection to read:

16 "SECTION 6.14A.(c) Cost savings resulting from measures identified by the North
17 Carolina Blue Ribbon Commission on Medicaid Reform established by this section
18 shall first be used to replenish the Medicaid Trust Fund in order to meet expected
19 federal obligations in the 2004-2005 fiscal year. If these cost savings are not realized by
20 July 1, 2004, then the General Assembly shall identify in the bill revising the 2004-2005
21 budget other funds to replenish the Medicaid Trust Fund in an amount sufficient to meet
22 expected federal obligations."

23 **2004-2005 FISCAL YEAR AVAILABILITY**

24 **SECTION 2.** If House Bill 397, 2003 Regular Session, becomes law, then
25 Section 6.23 of that act is amended by adding a new subsection to read:

26 "SECTION 6.23.(a1) By November 1, 2003, the Joint Legislative Commission on
27 Governmental Operations shall review the balances in all special funds and recommend
28 those special funds from which the transfers are to be made under this section for the
29 2004-2005 fiscal year. The General Assembly shall identify in the bill revising the

1 2004-2005 budget the special funds that may be transferred by the Office of State
2 Budget and Management for the 2004-2005 fiscal year and used to meet the General
3 Fund availability for that fiscal year."

4 **CONTINGENCIES FOR FAILURE TO IDENTIFY ADEQUATE SURPLUS** 5 **PROPERTY TO BE SOLD**

6 **SECTION 3.** If House Bill 397, 2003 Regular Session, becomes law, then
7 Section 6.8(b) of that act reads as rewritten:

8 **"SECTION 6.8.(b)** Establish State-Owned Surplus Real Property Disposal System;
9 Purpose; Use of Proceeds. – The Department of Administration, in consultation with the
10 Office of State Budget and Management, the Department of Transportation, The
11 University of North Carolina, and all other affected State departments, agencies, and
12 institutions, shall develop and implement a State-owned surplus real property disposal
13 system. The purpose of the system is to establish a uniform real property disposal
14 system that will continuously identify State-owned surplus real property, evaluate that
15 property, and dispose of that property as appropriate. Within 60 days after receiving the
16 list from the State Property Office, the Joint Legislative Commission on Governmental
17 Operations shall review the list of State-owned surplus real property and recommend
18 which properties shall be sold. Unless otherwise provided by law, the clear proceeds of
19 the sale of State-owned surplus real property shall be credited to the General Fund. It is
20 the intent of the General Assembly that these proceeds shall partially offset debt service
21 costs occasioned by the use of Certificates of Participation to finance the repair and
22 renovation of State buildings. If the clear proceeds from the disposal of such property
23 are not expected to generate the expected availability of funds contemplated under this
24 section to be used to offset debt service by June 30, 2005, the General Assembly shall
25 identify in the bill revising the 2004-2005 budget other sources of funds to fund the debt
26 service."

27 **REVENUE SHORTFALL CONTINGENCY PREPARATIONS**

28 **SECTION 4.** If House Bill 397, 2003 Regular Session, becomes law,
29 Section 2.2(e) of that act reads as rewritten:

30 **"SECTION 2.2.(e)** Notwithstanding G.S. 143-15.2 and G.S. 143-15.3, the State
31 Controller shall transfer only one hundred fifty million dollars (\$150,000,000) from the
32 unreserved credit balance to the Savings Reserve Account on June 30, 2003. This is not
33 an "appropriation made by law", as that phrase is used in Article V, Section 7(1) of the
34 North Carolina Constitution.

35 However, if the Director of the Budget finds by February 28, 2004, that economic
36 growth forecasts for the 2004-2005 fiscal year indicate a shortfall in revenue below that
37 anticipated by this act, then for every one-half percent (0.5%) below five and one-half
38 percent (5.5%) in anticipated growth for the 2004-2005 fiscal year, fifty million dollars
39 (\$50,000,000) from the Savings Reserve Account may be used to support General Fund
40 appropriations up to the balance of the Savings Reserve Account.

41 This subsection becomes effective June 30, 2003."

42 **REPLENISH CONTINGENCY AND EMERGENCY FUND ALLOCATIONS**

43 **SECTION 5.** If House Bill 397, 2003 Regular Session, becomes law,
44 Section 6.4 of that act reads as rewritten:

1 **"SECTION 6.4.(a)** Funds in the amount of five million dollars (\$5,000,000) for the
2 2003-2004 fiscal year and five million dollars (\$5,000,000) for the 2004-2005 fiscal
3 year are appropriated in this act to the Contingency and Emergency Fund. Of these
4 funds:

5 (1) Up to two million dollars (\$2,000,000) for the 2003-2004 fiscal year
6 may be used for purposes related to the Base Realignment and Closure
7 Act (BRAC); and

8 (2) Up to two hundred fifty thousand dollars (\$250,000) for the 2003-2004
9 fiscal year may be expended for statutory purposes other than those set
10 out in G.S. 143-23(a1)(2) or in subdivision (1) of this section.

11 The remainder of these funds shall be expended only for the purposes outlined in
12 G.S. 143-23(a1)(2).

13 **SECTION 6.4.(b)** If funds are expended from the Contingency and Emergency
14 Fund for the purposes set out in subdivision (a)(1) or (a)(2) of this section, the Director
15 of the Budget may use funds otherwise appropriated from the General Fund under this
16 act to replenish the Contingency and Emergency Fund by the same amount."

17 **MAINTAIN CURRENT LAW ON RECEIPTS**

18 **SECTION 6.** If House Bill 397, 2003 Regular Session, becomes law,
19 Section 6.2 of that act is repealed.

20 **SECTION 7.** This act is effective when it becomes law.