

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**SENATE BILL 1229**

Short Title: Judicial Branch/Budget Amendments.

(Public)

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Sponsors: Senator Clodfelter.

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Referred to: Appropriations/Base Budget.

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March 26, 2007

A BILL TO BE ENTITLED

AN ACT TO AMEND THE STATE BUDGET ACT TO PROVIDE FOR THE  
BUDGETARY INDEPENDENCE OF THE JUDICIAL BRANCH.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 143C-1-1(b) reads as rewritten:

"(b) The provisions of this Chapter shall apply to every State ~~agency~~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."

**SECTION 2.** G.S. 143C-1-2(b) reads as rewritten:

"(b) Reversions. – Unless otherwise provided by law, at the end of the fiscal year  
the unexpended, unencumbered balance of an appropriation reverts to the fund from  
which the appropriation was made; except that (i) an appropriation to the General  
Assembly shall not revert unless otherwise provided by the Legislative Services  
Commission, (ii) an appropriation for a capital improvement project shall revert as  
provided by G.S. 143C-8-11, ~~and~~ (iii) an appropriation for the implementation of  
information technology (IT) projects shall not revert until the project is implemented or  
~~abandoned~~abandoned, and (iv) an appropriation to the Judicial Branch shall not revert  
unless otherwise provided by the Chief Justice and Judicial Council."

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

**"§ 143C-3-2. (Effective July 1, 2007) Budget estimate for the judicial branch.**

The Administrative Officer of the Courts shall give the Director an estimate of the  
financial needs of the judicial branch for the upcoming fiscal period in accordance with  
the schedule prescribed by the Director. The estimates for the judiciary shall be

1 approved and certified by the Chief Justice. The estimates shall be itemized in  
2 accordance with the accounting classifications adopted by the Controller. The Director  
3 shall include these estimates for the Judicial Branch in the budget the Director submits  
4 to the General Assembly. The Director may separately recommend changes to these  
5 ~~estimates~~ estimates; however, the Director shall not reduce or modify the estimates for  
6 the judicial branch in the budget ~~submitted~~ the Director submits to the General  
7 Assembly."

8 **SECTION 4.** G.S. 143C-3-5(a) reads as rewritten:

9 "(a) Budget Proposals. – The Governor shall present budget ~~recommendations~~  
10 recommendations, consistent with G.S. 143C-3-1, 143C-3-2, and 143C-3-3 to each  
11 regular session of the General Assembly at a mutually agreeable time to be fixed by  
12 joint resolution."

13 **SECTION 5.** G.S. 143C-4-6(b) reads as rewritten:

14 "(b) Increase in Size Limitation. – To the extent that any percent increase in  
15 appropriations for a fiscal year for (i) Medicaid, (ii) operation of prisons, or (iii)  
16 operation of the courts or ~~(iii)~~ (iv) the costs of providing health insurance for teachers  
17 and State employees, exceeds the percent increase in State personal income growth for  
18 the same period, the limitation on the size of the General Fund operating budget  
19 provided in subsection (a) of this section for that fiscal year shall be increased by the  
20 dollar amount represented by the excess percentage. For all subsequent fiscal years, the  
21 percent limitation contained in subsection (a) shall then be increased to reflect that  
22 dollar adjustment."

23 **SECTION 6.** G.S. 143C-4-7 reads as rewritten:

24 "**§ 143C-4-7. (Effective July 1, 2007) Limit on number of permanent positions**  
25 **budgeted.**

26 The total number of permanent budgeted positions established in State agencies shall  
27 not be increased by the end of any State fiscal year by a greater percentage rate of  
28 change than the percentage rate of change of the residential population growth for the  
29 State of North Carolina. The Office of State Budget and Management shall be  
30 responsible for computing the annual percentage rates of change for each measure. The  
31 population growth rate shall be computed by averaging the annual residential population  
32 growth rate in each of the preceding 10 fiscal years as stated in the annual estimates of  
33 residential population in North Carolina made by the United States Census Bureau. The  
34 growth rate of the number of budgeted positions shall be computed by averaging the  
35 annual rate of growth of State budgeted positions in each of the preceding 10 fiscal  
36 years. The total number of permanent budgeted positions established in State agencies  
37 shall be computed by adding the total number of budgeted Full-Time Equivalents from  
38 all fund types. This section does not apply to State-funded positions supported by the  
39 State in a local public school ~~system~~ or system, local community college  
40 ~~institution~~ institution, or local courthouses."

41 **SECTION 7.** G.S. 143C-6-2(b) reads as rewritten:

42 "(b) Revenue Collections. – The Director, with the assistance of the Secretary of  
43 Revenue and other officials collecting or receiving appropriated State revenue, shall  
44 continuously survey the revenue collections. If the Director finds that revenues to any

1 fund, when added to the beginning unreserved fund balance in that fund, will be  
2 insufficient to support appropriations from that fund, the Director shall immediately  
3 notify the General Assembly and the Chief Justice that a deficit is anticipated. The  
4 Director shall report in a timely manner to the General Assembly a plan for the  
5 Executive Branch, and the Chief Justice shall report in a timely manner to the General  
6 Assembly a plan for the Judicial Branch, containing the expenditure reductions and  
7 other lawful measures as the Director ~~is~~ and Chief Justice are implementing in order to  
8 avert the deficit."

9 **SECTION 8.** G.S.143C-6-4 is amended by adding a new subsection to read:

10 "(h) Overexpenditures and Transfers in the Judicial Branch Budget. – The Chief  
11 Justice of the Supreme Court may approve transfers and expenditures for more than was  
12 authorized in the enacted budget for objects or line items in the budget of the Judicial  
13 Branch and shall report overexpenditures quarterly, beginning October 31, to the Joint  
14 Legislative Commission on Governmental Operations on overexpenditures approved by  
15 the Chief Justice."

16 **SECTION 9.** G.S. 143C-6-6(c) reads as rewritten:

17 "(c) This section does not apply to The University of North ~~Carolina~~ Carolina or  
18 the Judicial Branch."

19 **SECTION 10.** G.S. 143C-7-1(a) reads as rewritten:

20 "(a) Report to Director. – A State agency that submits to the federal government  
21 or to any other party an application for funds that will be subject to this Chapter shall  
22 ~~first~~ provide to the Director a copy of the application along with any related information  
23 the Director may require."

24 **SECTION 11.** G.S. 143C-10-3(a) reads as rewritten:

25 "(a) State ~~Officer-Officers or Employee~~ Employee of the Executive Branch. – The  
26 Governor may suspend from the performance of his or her duties any State officer or  
27 ~~employee~~ employee of the Executive Branch except an officer elected by the people,  
28 who persists, after notice and warning, in failing or refusing to comply with the  
29 provisions of this Chapter or any lawful administrative directive issued pursuant to this  
30 Chapter. Before acting to suspend, the Governor shall give the accused notice and an  
31 opportunity to be heard in his or her own defense. The Governor shall report the facts  
32 leading to suspension to the Attorney General who may initiate appropriate criminal or  
33 civil proceedings. The Governor may apply to the General Court of Justice for a  
34 restraining order and injunction if a suspended officer or employee persists in  
35 performing official acts."

36 **SECTION 12.** This act becomes effective July 1, 2007.