



## SENATE BILL 13: Balanced Budget Act of 2011

2011-2012 General Assembly

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<b>Committee:</b>	Senate Appropriations/Base Budget	<b>Date:</b>	February 2, 2011
<b>Introduced by:</b>	Sens. Stevens, Brunstetter, Hunt	<b>Prepared by:</b>	Mikael Gross
<b>Analysis of:</b>	First Edition		Committee Counsel

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**SUMMARY:** *This proposed committee substitute will provide the Governor with the power necessary to generate saving during the remaining months of this fiscal year by reducing expenditures, with a goal of four hundred million dollars (\$400,000,000). The proposed committee substitute also provides for direct transfers or withholdings from certain accounts to ensure a cash balance remains unexpended at the end of the fiscal year.*

**CURRENT LAW:** The Governor can effect economies in the State's budget when a fiscal emergency arises during the current fiscal year. The Governor has used this authority to order 2.5% hold back on all state agencies to ensure the current year's budget will be balanced

**BILL ANALYSIS:** This bill will provide the necessary power and direction to the Governor to effect certain economies in the State's budget for this fiscal year and will create a cash balance in availability as a carry forward for the 2011-12 fiscal year.

Section 1 of the proposed committee substitute provides the Governor with the necessary authority to hold back unexpended funds and sets a goal of cutting four hundred million dollars (\$400,000,000) in recurring expenditures.

Section 2 of the proposed committee substitute transfers sixty million four hundred thousand (\$60,400,000) in cash balances and eighty-two million (\$82,000,000) in transfers of unexpended revenues from dedicated trust funds (Golden LEAF, Health and Wellness Trust Fund and Tobacco Trust Fund) to the General Fund.

Section 3 of the proposed committee substitute provides the technical language required for the transfer of the Golden LEAF funds as required by the Consent Order in *State of North Carolina v. Phillip Morris Incorporated, et al.*, 98 CVS 14377, in the General Court of Justice, Wake County, North Carolina.

Section 4 of the proposed committee substitute provides the technical language required for the transfer of the Health and Wellness Trust Fund funds.

Section 5 of the proposed committee substitute provides the technical language required for the transfer of the Tobacco Trust Fund funds.

**EFFECTIVE DATE:** The effective date of this act is when it becomes law. It will apply only to the current 2010-2011 fiscal year budget.

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