



Budget Brief: DAS Division of Finance - Mandated

CAPITAL FACILITIES AND GOVERNMENT OPERATIONS

FY 2010

SUMMARY

Each year the Legislature funds items that impact several agencies, solve problems that don't apply to any specific agency, or that pose a conflict of interest to agency management. For these programs, the Legislature directs the Division of Finance to administer payment as intended for each appropriation. In the past, the Legislature funded Y2K, critical land issues, and inmate issues by placing the funds in dedicated accounts managed by the Division of Finance.

The Division of Finance manages expenditures as provided in appropriations acts for each program, but is not empowered to make policy decisions regarding funding in the mandated sections.

This line item currently has three programs with an ongoing budget – the LeRay McAllister Critical Land Conservation Fund, Development Zone Partial Rebates, and Land Exchange Distribution.

ISSUES AND RECOMMENDATIONS

LeRay McAllister Fund

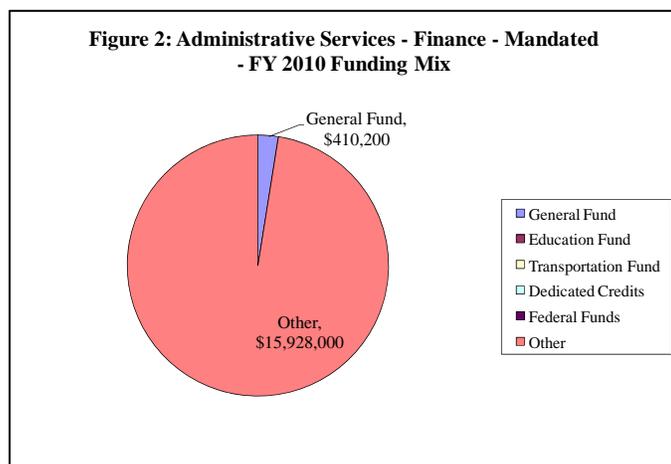
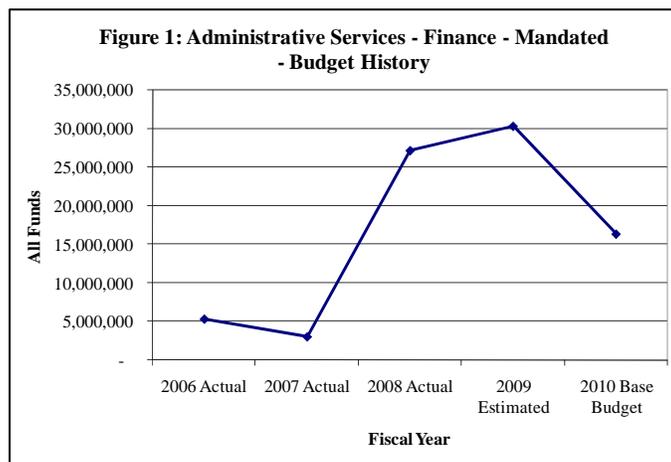
The LeRay McAllister Land Conservation Fund provides funds for non-profits, local governments, and state agencies to preserve open space and agricultural lands. The Fund is overseen by the Quality Growth Commission and went from a base appropriation of \$2,750,000 to \$482,600 during budget cuts. Since then the Legislature has opted to appropriate one-time funds:

- \$3,000,000 in the 2005 General Session
- \$1,000,000 in the 2006 General Session
- \$2,000,000 in the 2007 General Session
- \$2,000,000 in the 2008 General Session

State funds have been matched by other grants at a 6.5 to 1 state funded ratio (see data below under “Accountability Detail”). These additional matching funds do not appear in the state budget but are part of the Quality Growth Commission’s grant process.

Development Zone Partial Rebates

The Division of Finance is required by statute to make partial rebates from the Economic Incentive Restricted Account to certain industries which bring in new state revenues. Statute requires the account be used for any individual or company that enters into an agreement with the Governor’s Office of Economic Development (GOED) and has generated verifiable new state revenues.



Land Exchange Distribution Account

House Bill 134 *School and Institutional Trust Lands Amendments* (2007 G.S.) created the Land Exchange Distribution Account to be administered by the Division of Finance. The account was created to collect the state’s portion of Mineral Lease funds and distribute them to the counties in amounts determined by statutory formula. The funds are to be used by the counties to mitigate the impact caused by mineral development. By statute all money collected from mineral interests is deposited into the Land Exchange Distribution Account. However, in order for Finance to transfer money to the counties, the Legislature must appropriate funds from the Account. The FY 2010 base budget for this program is \$14,400,000. In FY 2010 H.B. 134 repeals the Rural Development Fund and transfers the fund balances to the Permanent Community Impact Fund. Therefore, the Legislature should appropriate an additional \$1,350,000 from the Land Distribution Account to the Permanent Community Impact Fund in FY 2010.

ACCOUNTABILITY DETAIL

Use of LeRay McAllister Funds since FY 1999

Since FY 1999 the Quality Growth Commission has authorized 80 projects totaling \$19.3 million in McAllister Fund grants. Partners in open space preservation have contributed \$6.54 for every dollar of McAllister Fund grants.

	<u>CY 99-04</u>	<u>CY 05</u>	<u>CY 06</u>	<u>CY 07</u>	<u>CY 08 Award</u>	<u>Total</u>
Projects	40	11	8	10	11	80
Acreage	32,283.5	21,585.5	16,567.0	4,762.0	5,197.8	80,395.7
McAllister Grant	\$9,370,308	\$3,162,500	\$1,860,000	\$2,600,000	\$2,325,870	\$19,318,678
Federal Match	17,195,629	6,473,000	6,751,000	2,255,000	2,145,850	34,820,479
Other State Match	343,500	213,000	909,000	4,791,052	205,000	6,461,552
Private Match	7,838,014	6,868,130	9,730,816	4,933,567	2,677,930	32,048,457
Local Gov't Match	2,987,779	11,588,500	1,250,000	751,875	16,217,523	32,795,677
Landowner Donation	11,824,980	0	3,990,000	1,676,000	2,728,000	20,218,980
Total Match	\$40,189,902	\$25,142,630	\$22,630,816	\$14,407,494	\$23,974,303	\$126,345,145
Total	\$49,560,210	\$28,305,130	\$24,490,816	\$17,007,494	\$26,300,173	\$145,663,823
Match/Grant	4.29 to 1	7.95 to 1	12.17 to 1	5.54 to 1	10.31 to 1	6.54 to 1

BUDGET DETAIL

Ongoing General Funds in this line item’s FY 2010 base budget include \$410,200 in the LeRay McAllister Critical Land Fund, \$14,400,000 in the Land Exchange Distribution Account, and \$1,528,000 in the Development Zone Partial Rebates program.

LEGISLATIVE ACTION

The Analyst recommends the Legislature consider adopting:

1. A total FY 2010 base appropriation of \$16,338,200 for the Division of Finance – Mandated line item.
2. An appropriation of \$1,350,000 from the Land Distribution Account to the Permanent Community Impact Fund in FY 2010.

BUDGET DETAIL TABLE

Administrative Services - Finance - Mandated						
Sources of Finance	FY 2008 Actual	FY 2009 Appropriated	Changes	FY 2009 Revised	Changes	FY 2010* Base Budget
General Fund	482,600	482,600	(72,400)	410,200	0	410,200
General Fund, One-time	2,000,000	0	36,200	36,200	(36,200)	0
GFR - Economic Incentive Restricted .	5,928,000	15,480,000	0	15,480,000	(13,952,000)	1,528,000
GFR - Land Exchange Distribution Ac	18,760,000	14,400,000	0	14,400,000	0	14,400,000
Risk Management ISF	0	1,000,000	(1,000,000)	0	0	0
State Debt Collection Fund	0	267,000	(267,000)	0	0	0
Beginning Nonlapsing	0	733,000	(733,000)	0	0	0
Lapsing Balance	(4,985,600)	0	0	0	0	0
Total	\$22,185,000	\$32,362,600	(\$2,036,200)	\$30,326,400	(\$13,988,200)	\$16,338,200
Programs						
Development Zone Partial Rebates	2,604,900	15,480,000	0	15,480,000	(13,952,000)	1,528,000
Land Exchange Distribution	17,097,500	14,400,000	0	14,400,000	0	14,400,000
LeRay McAllister Critical Land Conse	2,482,600	2,482,600	(2,036,200)	446,400	(36,200)	410,200
Total	\$22,185,000	\$32,362,600	(\$2,036,200)	\$30,326,400	(\$13,988,200)	\$16,338,200
Categories of Expenditure						
Other Charges/Pass Thru	22,185,000	32,362,600	(2,036,200)	30,326,400	(13,988,200)	16,338,200
Total	\$22,185,000	\$32,362,600	(\$2,036,200)	\$30,326,400	(\$13,988,200)	\$16,338,200

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.