

TITLE 1: GOVERNMENT
DIVISION 7: PLANNING, BUDGETING AND AUDITING

§ 7204. Approval of Annual Budget.

(a) The legislature shall act on the proposed annual budget, after establishing the limits of expenditure pursuant to [1 CMC § 7201\(d\)](#) by enacting annual appropriation acts, which shall include, but not be limited to, all appropriations for operations of the Commonwealth. Such acts shall constitute authorization for the expenditure and contracting for expenditure of funds appropriated in the act. Such acts may contain administrative and other restrictions upon the authorization, appropriation, or obligation of the subject funds.

(b) The annual appropriation acts, as enacted or as later amended, shall not appropriate funds in excess of the total Commonwealth financial resources estimated and established as the limit of expenditures for the fiscal year by House concurrent resolution pursuant to [1 CMC § 7201\(d\)](#) unless:

- (1) The legislature approves additional taxation;
- (2) The Commonwealth receives additional revenues; or
- (3) The Governor revises his estimates to anticipate financial resources in excess of those estimated; and the legislature recognizes the additional resources by a supplemental or amended House concurrent resolution.

(c) The annual appropriation acts may contain a reserve clause whereby the legislature retains a small portion of the total financial resources estimated in the approved budget, exclusive of funds received pursuant to Covenant § 702(b) and (c), as unappropriated funds to cover unanticipated expenditures necessary for any emergency or for the fourth quarter of the subject fiscal year. Such a reserve may not be appropriated by any act or amendment to the annual appropriation acts effective prior to the fourth quarter of the fiscal year covered by the acts, unless the legislature shall find by concurrent resolution that there is good cause to do so.

(d) Funds for operations of the Commonwealth shall be appropriated pursuant to annual appropriation acts. If the annual appropriation acts are not enacted into law prior to the beginning of the budget year, the appropriations levels, and such of the criminal penalties, and administrative provisions for government operations and obligations as are not inconsistent with the provisions of this part, shall continue as provided in the annual appropriation acts of the current year. These continuing appropriations shall be expended in quarterly or less allotments for the purposes and items previously appropriated. Such allotments may exceed 25 percent only upon written justification by the person with spending authority, and, in the case of the executive branch departments, approval by the Governor in writing. Reprogramming for such funds shall comply with chapter 4 of this part [[1 CMC §§ 7401 et seq.](#)]; provided, that no funds expended under a continuing appropriation shall be used to expand existing operations or programs, or to initiate new operations or programs. Continuing appropriations shall be automatically made until the earlier of the time when an appropriations act concerning the operations of the branch, department, agency, or program becomes law.

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(e) Upon the effective date of the annual appropriation acts, quarterly allotments shall be issued based on such acts. The quarterly allotments shall be revised quarterly so as to be consistent with projected changes in estimated revenue collections. Increases in estimated revenues may be appropriated by amendments to the annual appropriation acts. Decreases in estimated revenues may be absorbed proportionately by all branches, offices, departments, and agencies of the Commonwealth. The office of the Governor and Director of Finance shall establish procedures to insure there is timely compliance with the provisions of this subsection.

Source: [PL 3-68](#), § 204; amended by [PL 3-93](#), §§ 10, 11; [PL 5-9](#), § 311.

Commission Comment: With respect to the reference to the “Director of Finance,” see [Executive Order 94-3](#) (effective Aug. 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to [1 CMC § 2001](#).

The Commission removed the final sentence from subsection (d) pursuant to [PL 3-90](#) § 10. Subsection (d) was amended by [PL 5-9](#), an appropriation law, and such amendment was not expressly intended to become a permanent portion of the code.