

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40406-LR-95 (03/21)

Short Title: Zero-Based Budgeting.

(Public)

Sponsors: Representative Blust.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE IMPLEMENTATION OF ZERO-BASED BUDGETING FOR
3 THE STATE BUDGET BY THE 2021-2023 FISCAL BIENNIUM.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 3 of Chapter 143C of the General Statutes is amended by
6 adding a new section to read:

7 "**§ 143C-3-3.1. Development and adoption of zero-based budget estimates.**

8 (a) Commencing with the fiscal year beginning July 1, 2019, the Governor shall begin
9 implementation of a zero-based budget. The Governor shall establish a schedule for phasing in
10 the zero-based budget over a period of four fiscal years, beginning with the State agencies in
11 the executive branch. The Governor shall identify which State agencies shall be required to
12 submit a zero-based budget for each of the four fiscal years. When a State agency submits its
13 zero-based budget for a fiscal year, the State agency shall develop its budget requests for
14 appropriations on a zero base, as if the budget for the State agency was being initiated for the
15 first time. The State agency's budget request to the Governor shall also be accompanied by a
16 statement giving facts and explanations of reasons for each item requested. The statement shall
17 include a brief explanation of the functions of each of the divisions, boards, commissions,
18 officers, bureaus, or institutions included within the State agency and comments on its policies
19 and plans with descriptive, quantitative, comparative, and other data regarding work
20 accomplished and any other relevant information.

21 (b) For purposes of this section, the term "zero-based budget" means a budget that
22 reflects the amount of funding deemed necessary to achieve the most cost-effective
23 performance of each State agency pursuant to an accompanying narrative delineating the tasks
24 to be performed by the State agency together with the goals and objectives for each State
25 agency for a period not to exceed four years. The budget shall have a zero dollar amount as its
26 basis and shall not reflect any prior appropriation amount, adjusted or otherwise."

27 SECTION 2. G.S. 143C-3-5 is amended by adding a new subsection to read:

28 "(h) Beginning with fiscal year 2019-2020, the Governor shall present budget
29 recommendations to the General Assembly that include zero-based budgets for certain State
30 agencies identified by the Governor pursuant to G.S. 143C-3-3.1. Beginning with fiscal year
31 2021-2022, the entire budget for the 2021-2023 fiscal biennium shall be a zero-based budget.
32 For purposes of this subsection, the term "zero-based budget" is as defined in
33 G.S. 143C-3-3.1."

34 SECTION 3. This act is effective when it becomes law.

