

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 820

Short Title: Zero-Base Budgeting.

(Public)

Sponsors: Representative Blust (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Appropriations.

April 15, 2015

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

14 (b) Commencing with the fiscal year beginning July 1, 2017, the Governor shall begin
15 implementation of a zero-based budget. The Governor shall establish a schedule for phasing in
16 the zero-based budget over a period of four fiscal years, beginning with the State agencies in
17 the executive branch. The Governor shall identify which State agencies shall be required to
18 submit a zero-based budget for each of the four fiscal years. When a State agency submits its
19 zero-based budget for a fiscal year, the State agency shall develop its budget requests for
20 appropriations on a zero base, as if the budget for the State agency was being initiated for the
21 first time. The State agency's budget request to the Governor shall also be accompanied by a
22 statement giving facts and explanations of reasons for each item requested. The statement shall
23 include a brief explanation of the functions of each of the divisions, boards, commissions,
24 officers, bureaus, or institutions included within the State agency and comments on its policies
25 and plans with descriptive, quantitative, comparative, and other data regarding work
26 accomplished and any other relevant information."

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

28 "(h) For purposes of this subsection, the term "zero-based budget" is as defined in
29 G.S. 143C-3-3.1. Beginning with fiscal year 2017-2018, the Governor shall present budget
30 recommendations to the General Assembly that include zero-based budgets for certain State
31 agencies identified by the Governor pursuant to G.S. 143C-3-3.1. Beginning with fiscal year
32 2021-2022, the entire budget for the 2021-2023 fiscal biennium shall be a zero-based budget."

33 **SECTION 3.** This act is effective when it becomes law.

