

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 854

Short Title: Fiscal Trends Permanent Study.

(Public)

Sponsors: Representatives Wilkins; Alexander, Church, R. Hunter, Hurley, Miner, Pate, and Ramsey.

Referred to: Finance.

April 12, 1995

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH A PERMANENT STATUTORY STUDY COMMISSION
3 ON FISCAL TRENDS.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 120 of the General Statutes is amended by adding a new
6 Article to read:

7 **"ARTICLE 13C.**

8 **"JOINT LEGISLATIVE FISCAL TRENDS AND REFORM COMMISSION.**

9 **"§ 120-84.13. Purpose.**

10 The Joint Legislative Fiscal Trends and Reform Commission is established. The
11 Commission shall identify trends affecting the fiscal resources of the State and its local
12 governments. It shall also review the expenditures of the State and identify trends that
13 will impact upon these expenditures.

14 **"§ 120-84.14. Membership.**

15 The Commission shall consist of 22 members to be appointed as follows:

16 (1) Eight members of the Senate appointed by the President Pro Tempore of
17 the Senate, one of whom shall be designated cochair.

18 (2) Three public members appointed by the President Pro Tempore of the
19 Senate.

1 (3) Eight members of the House of Representatives appointed by the
2 Speaker of the House of Representatives, one of whom shall be
3 designated cochair.

4 (4) Three public members appointed by the Speaker of the House of
5 Representatives.

6 In making the appointments, the President Pro Tempore of the Senate and the Speaker
7 of the House of Representatives shall attempt to select members who are representative
8 of all North Carolinians, including representatives of business and industry,
9 professionals, local governments, major political parties, educators, ethnic groups,
10 environmental advocates, low-income citizens, and consumers.

11 Members shall serve for two-year terms beginning on the convening of the General
12 Assembly in each odd-numbered year; provided, however, the terms of initial members
13 shall begin on appointment and end on the day of the convening of the 1997 General
14 Assembly. Members shall not be disqualified from completing a term of service on the
15 Commission because they fail to run or are defeated for reelection. Resignation or
16 removal from the General Assembly shall constitute resignation or removal from
17 membership on the Commission.

18 Vacancies on the Commission shall be filled by the same appointing officer who
19 made the original appointments.

20 **"§ 120-84.15. Powers and duties.**

21 The Commission shall have the following powers and duties:

22 (1) To review long-term fiscal trends and to analyze the impact of these
23 trends on the State budget.

24 (2) To identify the factors that have contributed to the financial problems of
25 the State and recommend measures to avoid a recurrence of those
26 problems to the extent they are within the control of the State of North
27 Carolina.

28 (3) To monitor the State budget reform measures.

29 (4) To analyze options to address the effect on the State budget of federal
30 legislative and judicial mandates.

31 (5) To review the condition of programs directed at ensuring an adequate
32 workforce for the 1990s.

33 (6) To analyze options to address future General Fund budget shortfalls.

34 (7) To study the feasibility of modifying the State's accounting practices to
35 improve the State's balance sheet by treating as accrued (i) sales tax
36 proceeds that have been collected on behalf of the State by merchants
37 but have not yet been remitted and (ii) other tax proceeds that have been
38 collected on behalf of the State but have not yet been remitted.

39 (8) To review the State's needs for changes in the revenue and budget
40 structure to meet the needs of the State over the long term.

41 (9) To make a comprehensive review of the State and local tax system,
42 particularly in light of future economic trends that may affect revenues
43 generated by existing taxes.

- 1 (10) To recommend proposals to enhance the State's revenue position, adapt
2 the State tax structure to changes in the economy, avoid placing undue
3 tax burdens on any segment of the population, and preserve the positive
4 impact of the tax structure on the economic future of the State.
- 5 (11) To examine in detail the trends affecting local revenue sources,
6 including intergovernmental revenue and local expenditure demands.
- 7 (12) To review the fiscal relationship between the State and its local
8 governments by examining State and local government revenue sources
9 and the allocation of responsibility between the State and its local
10 governments for financing and performing government services. In its
11 work pursuant to this subdivision, the Commission shall examine:
- 12 a. Whether local government tax sharing and local government tax
13 reimbursements should be financed by appropriation or by
14 earmarking.
- 15 b. Whether the State should provide local governments with
16 additional revenue options.
- 17 c. Whether a more adequate and dependable means of financing
18 State and local government services should be devised.
- 19 d. Whether State and local responsibilities for providing
20 government services should be reallocated.
- 21 e. How the fiscal relationship between the State and local
22 governments, particularly the lack of uniform tax rates that
23 results from local option taxes, affects economic development.
- 24 f. The effectiveness of the Local Government Fiscal Information
25 Act, Article 6D of Chapter 120 of the General Statutes.
- 26 g. How the timing of the State's budget process affects the ability of
27 local governments to comply with the deadlines imposed in the
28 Local Government Budget and Fiscal Control Act.
- 29 (13) To exercise all the powers provided under the provisions of G.S. 120-19
30 through G.S. 120-19.4.

31 **"§ 120-84.16. Reports to the General Assembly.**

32 The Commission shall report as needed to the General Assembly. A report must
33 contain findings, recommendations, and policy alternatives which may be beneficial to
34 State and local governments.

35 **"§ 120-84.17. Compensation and expenses of Commission members.**

36 Members of the Commission shall serve without pay but shall receive per diem and
37 subsistence in accordance with G.S. 138-5, 138-6, or 120-3.1, as appropriate. Upon
38 approval of the Legislative Services Commission, the facilities of the State Legislative
39 Building and any other State office building used by the General Assembly shall be
40 available to the Commission for its use.

41 **"§ 120-84.18. Commission staffing.**

42 Upon approval of the Legislative Services Commission, the Commission may use
43 professional and clerical staff of the General Assembly. The expenses of employment of

1 the clerical staff shall be borne by the Commission. Upon approval of the Legislative
2 Services Commission, the Commission may contract for consultant services as provided
3 by G.S. 120-32.02."

4 Sec. 2. There is allocated from the funds appropriated to the General
5 Assembly for the Joint Legislative Fiscal Trends and Reform Commission the sum of
6 fifty thousand dollars (\$50,000) for the 1995-96 fiscal year and the sum of fifty thousand
7 dollars (\$50,000) for the 1996-97 fiscal year.

8 Sec. 3. This act becomes effective July 1, 1995.