

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1834

Short Title: Local Government Economic Impact. (Public)

Sponsors: Representative McElraft.

Referred to: Rules, Calendar, and Operations of the House.

April 19, 2007

1 A BILL TO BE ENTITLED
2 AN ACT TO EXPAND THE LOCAL GOVERNMENT FISCAL INFORMATION
3 ACT FROM A FISCAL NOTE TO AN ECONOMIC IMPACT STATEMENT
4 SIMILAR TO THAT USED IN THE RULEMAKING PROCESS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Article 6D of Chapter 120 of the General Statutes reads as
7 rewritten:

8 "Article 6D.

9 "Local Government Fiscal Information Act.

10 **"§ 120-30.41. Short title.**

11 This Article may be cited as the "Local Government Fiscal Information Act."

12 **"§ 120-30.42. Definitions.**

13 For the purposes of this Article,

14 (1) "Substantial economic impact" means an aggregate financial impact on
15 all persons affected of at least three million dollars (\$3,000,000) in a
16 12-month period.

17 (2) ~~unit~~ Unit of local government means counties, cities, towns, and
18 incorporated villages, sanitary districts, mosquito control districts,
19 hospital districts, metropolitan sewerage districts, metropolitan water
20 districts, county water and sewer districts, special airport districts,
21 water and sewer authorities, county boards of education and city
22 boards of education.

23 **"§ 120-30.43. Purpose.**

24 It is the purpose of this Article to provide procedures for the preparation and
25 distribution of fiscal information on bills, resolutions, amendments to bills and
26 resolutions or rules which if enacted or adopted would have a fiscal impact on the units
27 of local government of this State.

28 **"§ 120-30.44. Fiscal note-Economic impact statement defined.**

1 (a) For purposes of this Article, "~~fiscal note~~" "economic impact statement" means
2 a realistic statement of the estimated effect on the expenditures or revenues of units of
3 local government of implementing or complying with a proposed bill, resolution or
4 ~~rule~~ rule when there would be a substantial economic impact on units of local
5 government.

6 (b) An economic impact statement required by this Article must contain the
7 following:

8 (1) A description of the units of local government who would be affected
9 by the proposed legislation.

10 (2) A description of the types of expenditures that units of local
11 government affected by the proposed legislation would have to make
12 to comply with the legislation and an estimate of these expenditures.

13 (3) A description of the purpose and benefits of the proposed legislation.

14 (4) An explanation of how the estimate of expenditures was computed.

15 "**§ 120-30.45. ~~Fiscal note~~ Economic impact statement on legislation.**"

16 (a) Every bill and resolution introduced in the General Assembly proposing any
17 change in the law that could ~~increase or decrease expenditures or revenues of~~ cause a
18 substantial economic impact to a unit of local government shall have attached to it at the
19 time of its consideration by the General Assembly a ~~fiscal note~~ an economic impact
20 statement prepared by the Fiscal Research Division. The ~~fiscal note~~ economic impact
21 statement shall identify and estimate, for the first five fiscal years the proposed change
22 would be in effect, all costs of the proposed legislation. If, after careful investigation,
23 the Fiscal Research Division determines that no dollar estimate is possible, the ~~note~~
24 economic impact statement shall contain a statement to that effect, setting forth the
25 reasons why no dollar amount can be given. No comment or opinion shall be included
26 in the ~~fiscal note~~ economic impact statement with regard to the merits of the measure
27 for which the note is prepared. However, technical and mechanical defects may be
28 noted.

29 (b) The sponsor of each bill or resolution to which this section applies shall
30 present a copy of the bill or resolution with the request for a ~~fiscal note~~ an economic
31 impact statement to the Fiscal Research Division. Upon receipt of the request and the
32 copy of the bill or resolution, the Fiscal Research Division shall prepare the ~~fiscal note~~
33 economic impact statement as promptly as possible. The Fiscal Research Division shall
34 prepare the ~~fiscal note~~ economic impact statement and transmit it to the sponsor within
35 two weeks after the request is made, unless the sponsor agrees to an extension of time.

36 (c) This ~~fiscal note~~ economic impact statement shall be attached to the original of
37 each proposed bill or resolution that is reported favorably by any committee of the
38 General Assembly, but shall be separate from the bill or resolution and shall be clearly
39 designated as a ~~fiscal note~~ an economic impact statement. A ~~fiscal note~~ An economic
40 impact statement attached to a bill or resolution pursuant to this subsection is not a part
41 of the bill or resolution and is not an expression of legislative intent proposed by the bill
42 or resolution.

43 (d) If a committee of the General Assembly reports favorably a proposed bill or
44 resolution with an amendment that proposes a change in the law that could ~~increase or~~

1 ~~decrease expenditures or revenues of~~ cause a substantial economic impact to a unit of
2 local government, the chair of the committee shall obtain from the Fiscal Research
3 Division and attach to the amended bill or resolution a ~~fiscal note~~ an economic impact
4 statement as provided in this section.

5 (e) The Office of State Budget and Management, the Department of Revenue, the
6 Department of the State Treasurer, the Department of the State Auditor, the State
7 department most directly concerned, and, where appropriate, officials of units of local
8 government, upon the request of Fiscal Research Division, shall assist the Fiscal
9 Research Division in the preparation of the ~~fiscal note~~ economic impact statement.

10 (f) Copies of ~~fiscal notes~~ economic impact statement prepared by the Fiscal
11 Research Division shall be furnished to the sponsor of the bill or resolution, the
12 chairmen of the Local Government Committees, and the chairmen of the
13 Appropriations, Finance, Rules, or the Senate Ways and Means Committees as
14 appropriate.

15 **"§ 120-30.46. Fiscal information related to requests for State appropriations.**

16 Any State department, institution, agency, or other authority making requests for
17 State appropriations to fund changes in existing programs or for implementing new
18 programs shall, if such changes or new programs would require local expenditures,
19 incorporate as a part of the information submitted in support of the request a statement
20 of the estimated fiscal effect on the units of local government.

21 **§ 120-30.47. Legislation introduced by request.**

22 Any State department, institution, agency, or other authority requesting a member or
23 members of the General Assembly to introduce legislation which if enacted would have
24 a fiscal impact on the units of local government of this State shall furnish to such
25 member or members, and to the Fiscal Research Division, a ~~fiscal note~~ an economic
26 impact statement containing a realistic estimate of the effect of the measure for the
27 ensuing two fiscal periods.

28 **"§ 120-30.48. Fiscal impact of administrative rules.**

29 An agency is required to prepare a fiscal note on a proposed administrative rule that
30 affects the expenditures or revenues of a unit of local government as provided in
31 G.S. 150B-21.4.

32 **"§ 120-30.49. Compiling federal mandates; annual report.**

33 (a) The Fiscal Research Division shall, in consultation with the appropriate staff
34 of the Research and Bill Drafting Divisions, make an annual report to the General
35 Assembly pertaining to the fiscal effect of federal mandates on, or federal law on which
36 is conditioned the receipt of federal funds by the State and units of local government.
37 The annual report on federal mandates shall include the following:

- 38 (1) A listing of federal laws that require the State and any unit of local
39 government, including a county, city, school administrative unit, or
40 other local entity funded by or through a unit of local government to
41 carry out additional or modified responsibilities;
- 42 (2) An estimate of the amount of any increase or decrease in the costs to
43 the State and units of local government in providing or delivering

1 public services required by federal law that are funded in whole or in
2 part by the State or units of local government; and

3 (3) A listing of any other federal actions directly affecting the
4 expenditures or revenues of the State and units of local government.

5 (b) The Office of State Budget and Management shall assist the Fiscal Research
6 Division in the preparation of the annual report on federal mandates upon the request of
7 the Division. Each State department, agency, or institution shall cooperate fully with the
8 Fiscal Research Division in compiling the annual report on federal mandates and shall
9 supply information to the Division in accordance with G.S. 120-32.01. The North
10 Carolina Association of County Commissioners, the North Carolina League of
11 Municipalities, and units of local government shall cooperate with the Fiscal Research
12 Division in compiling the annual report on federal mandates, as requested, by supplying
13 information relevant to the expenditures or revenues of units of local government.

14 (c) Copies of the annual report on federal mandates to the State and units of local
15 government shall be provided to members of the General Assembly and to the
16 Governor, the Office of State Budget and Management, the North Carolina Association
17 of County Commissioners, and the North Carolina League of Municipalities."

18 **SECTION 2.** This act becomes effective January 1, 2008.