

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL 716
Committee Substitute Favorable 5/24/07
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Short Title: Joint Legislative Budget Oversight Comm.

(Public)

Sponsors:

Referred to:

March 15, 2007

A BILL TO BE ENTITLED

1 AN ACT ENHANCING LEGISLATIVE REVIEW OF BUDGET EXECUTION AND
2 ADMINISTRATION BY ESTABLISHING A PERMANENT JOINT
3 LEGISLATIVE BUDGET OVERSIGHT COMMITTEE OF THE GENERAL
4 ASSEMBLY.

5
6 Whereas, Article V, Section 7 of the North Carolina Constitution states that
7 no money shall be drawn from the State treasury but in consequence of appropriations
8 made by law; and

9 Whereas, Article III, Section 5 of the North Carolina Constitution states that
10 the Governor shall administer the budget as enacted by the General Assembly; and

11 Whereas, members of the General Assembly recognize that proper oversight
12 of public funds and oversight of the execution and administration of the State's budget
13 are tantamount to good stewardship and proper governance; and

14 Whereas, members of the General Assembly also recognize that it is the
15 proper duty of a legislative body to examine and review the expenditure of public funds
16 on an ongoing basis; Now, therefore,

17 The General Assembly of North Carolina enacts:

18 **SECTION 1.** Chapter 120 of the General Statutes is amended by adding a
19 new Article to read:

"Article 12P.

"Joint Legislative Budget Oversight Committee.

22 "**§ 120-70.135. Joint Legislative Budget Oversight Committee established.**

23 (a) Purpose. – The Joint Legislative Budget Oversight Committee (Committee)
24 is established. The purpose of the Committee is to perform ongoing examination and
25 oversight of State agencies' execution and administration of the budget, including
26 review of agency expenditures and collections of receipts, agency compliance with State
27 laws governing the expenditure of public moneys, compliance with legislative policies
28 and intent, and the ongoing fiscal stability and integrity of State government.

1 (b) The Committee consists of 20 members as follows:

2 (1) Ten members of the Senate appointed by the President Pro Tempore of
3 the Senate. All members must be current members of the Senate
4 Appropriations Committee with at least one member from each
5 subcommittee. At least three of the members must be members of the
6 minority party.

7 (2) Ten members of the House of Representatives appointed by the
8 Speaker of the House of Representatives. All members must be current
9 members of the House Appropriations Committee with at least one
10 member of each subcommittee. At least three of the members must be
11 members of the minority party.

12 (c) Terms. – Terms on the Committee are for two years and begin upon the
13 convening of each Regular Session of the General Assembly. Legislative members may
14 complete a term of service on the Committee even if they do not seek reelection or are
15 not reelected to the General Assembly. Resignation or removal from service in the
16 General Assembly constitutes resignation or removal from service on the Committee. A
17 member continues to serve until a successor is appointed.

18 (d) Chairs and Quorum. – The President Pro Tempore of the Senate and the
19 Speaker of the House of Representatives shall each designate a cochair of the
20 Committee. The Committee meets monthly upon the call of the cochairs. A quorum of
21 the Committee is eleven members. The Committee may not act except by a majority
22 vote at a meeting at which a quorum is present.

23 (e) Standard Procedure. – Funding for the Committee is provided by the
24 Legislative Services Commission from appropriations made to the General Assembly.
25 Members of the Committee receive subsistence and travel expenses as provided in
26 G.S. 120-3.1. The Committee may contract for consultants in accordance with
27 G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative
28 Services Officer must assign professional and clerical staff to assist the Committee in its
29 work.

30 (f) The Committee, while in the discharge of official duties, shall have access to
31 any paper or document, and may compel the attendance of any State official or
32 employee before the Commission or secure any evidence under the provisions of
33 G.S. 120-19. In addition, the provisions of G.S. 120-19.1 through 120-19.4 shall apply
34 to the proceedings of the Committee.

35 **§ 120-70.136. Powers and duties of the Committee.**

36 (a) The Committee shall have the following powers and duties:

37 (1) To conduct reviews of the expenditure of State funds as follows:

38 a. Conformity with State law.

39 b. Conformity with legislative intent.

40 c. Necessity with meeting program or purpose objectives.

41 (2) To receive quarterly analyses of the State's revenues and expenditures
42 as prepared by the Fiscal Research Division of the Legislative Services
43 Commission.

- 1 (3) To propose legislation that would result in enhanced program
2 accountability.
- 3 (4) To conduct fiscal studies.
- 4 (5) To devise a system, in cooperation with the Fiscal Research Division
5 of the Legislative Services Commission, whereby all new programs
6 authorized by the General Assembly or otherwise created by the
7 Governor are evaluated periodically for continuing appropriations. The
8 results of these evaluations shall be made to the Appropriations
9 Committees at the beginning of each legislative session.
- 10 (6) To evaluate State agencies' plans or proposals regarding the funding of
11 new or expanded programs and services not previously approved by
12 the General Assembly as part of its Appropriations Act.
- 13 (7) To produce written reports of findings and recommendations as
14 follows:
- 15 a. To the Appropriations Committees of the Senate and the House
16 of Representatives. If findings arrived at during a study have a
17 potential impact on appropriations deliberations, the findings
18 shall be presented immediately to the committee. These reports
19 shall contain recommendations for appropriate executive action
20 and when legislation is considered necessary to effect change,
21 draft legislation for that purpose may be included.
- 22 b. To the Governor. If findings arrived at during a review have a
23 potential impact on the current budget, the findings shall be
24 presented immediately to the Governor and shall contain
25 recommendations for appropriate executive action.
- 26 (b) The Committee shall be consulted by the Governor prior to any of the
27 following:
- 28 (1) Establishment of permanent State positions unless authorized in the
29 current Appropriations Act.
- 30 (2) Expenditures in excess of the total requirements of a purpose or
31 program as enacted by the General Assembly and as provided by
32 G.S. 143C-6-4.
- 33 (3) Extraordinary measures taken under Article III, Section 5(3) of the
34 North Carolina Constitution to effect necessary economies in State
35 expenditures required for balancing the budget due to a revenue
36 shortfall, including, but not limited to, the following: loans among
37 funds, personnel freezes or layoffs, capital project reversions, program
38 eliminations, and use of reserves. However, if the Committee fails to
39 meet within 10 calendar days of a request by the Governor for its
40 consultation, the Governor may proceed to take the appropriate and
41 necessary actions and shall then report those actions at the next
42 meeting of the Committee.
- 43 (4) Notwithstanding G.S. 143C-8-7 and G.S. 143C-8-12, the Committee
44 shall be consulted by the Governor prior to approval of new capital

1 improvement projects funded from gifts, grants, receipts, special
2 funds, self-liquidating indebtedness, and other funds or any
3 combination of funds for projects not specifically authorized by the
4 General Assembly. The consultation shall include a description for
5 each proposed capital project as delineated in G.S. 143C-8-6(e)."

6 **SECTION 2.** Notwithstanding G.S. 120-70.135, as enacted by Section 1 of
7 this act, the terms of the initial members of the Joint Legislative Budget Oversight
8 Committee begin on appointment and end upon the convening of the next Regular
9 Session of the General Assembly.

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