

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH50551-LB-307 (3/29)

Short Title: Local Government Economic Impact. (Public)

Sponsors: Representative McElraft.

Referred to:

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.

1 **"§ 120-30.44. ~~Fiscal note~~ Economic impact statement defined.**

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

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

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

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

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

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

16 **"§ 120-30.45. ~~Fiscal note~~ Economic impact statement on legislation.**

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

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

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

1 (d) If a committee of the General Assembly reports favorably a proposed bill or
2 resolution with an amendment that proposes a change in the law that could ~~increase or~~
3 ~~decrease expenditures or revenues of~~ cause a substantial economic impact to a unit of
4 local government, the chair of the committee shall obtain from the Fiscal Research
5 Division and attach to the amended bill or resolution a ~~fiscal note~~ an economic impact
6 statement as provided in this section.

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

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

17 **"§ 120-30.46. Fiscal information related to requests for State appropriations.**

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

23 **§ 120-30.47. Legislation introduced by request.**

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

30 **"§ 120-30.48. Fiscal impact of administrative rules.**

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

34 **"§ 120-30.49. Compiling federal mandates; annual report.**

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

- 40 (1) A listing of federal laws that require the State and any unit of local
41 government, including a county, city, school administrative unit, or
42 other local entity funded by or through a unit of local government to
43 carry out additional or modified responsibilities;

1 (2) An estimate of the amount of any increase or decrease in the costs to
2 the State and units of local government in providing or delivering
3 public services required by federal law that are funded in whole or in
4 part by the State or units of local government; and

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

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

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

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