

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 188 (First Edition)

SHORT TITLE: Taxpayer Bill of Rights.

SPONSOR(S): Representatives Blust, Dollar, Holloway, and Killian

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES					
EXPENDITURES					
- State Board of Elections			up to \$450,000 but see Assumptions and Methodology		
- Secretary of State		\$300			
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: State Board of Elections, Secretary of State, County Boards of Elections					
EFFECTIVE DATE: When the bill becomes law					

BILL SUMMARY:

Subject to approval by the voters at the November 2012 general election, this bill enacts a new Section 15 to Article V of the North Carolina Constitution effective upon certification by the State Board of Elections to the Secretary of State, to establish a General Fund expenditure limit. Under the bill, the General Fund expenditure limit for each fiscal year would be the previous year's expenditure limit increased by a percentage rate that equals the fiscal growth factor. As defined by the bill, the fiscal growth factor is "the average of the sum of inflation and population change for each of the preceding three calendar years. If either inflation or the population change for the preceding three calendar years is negative, then that change shall be counted as zero." Inflation and population change are defined in the bill. The Governor would be prohibited from proposing expenditures from the General Fund in excess of the projected expenditure limit. The General Assembly would be prohibited from making appropriations in excess of the expenditure limit. For fiscal year 2013, the expenditure limit would be based on the authorized budget for fiscal year 2012 plus any adjustments from the application of the fiscal growth factor. This limit would be in

place for the succeeding fiscal years. If, on or after December 31, 2012, the cost of any state function or program is shifted from the General Fund to another funding source, the expenditure limit must be reduced by that same amount. Under the bill, such shifts include transferring a program to receipt support and shifting program responsibility to local governments. A two-thirds vote of the General Assembly is required to exceed the General Fund expenditure limit and is only allowed for appropriations for nonrecurring expenses for a maximum period of 12 months from the effective date of the appropriation. The State must return 5% of any unexpended General Fund appropriation to the taxpayers from the prior fiscal year.

The bill also makes corresponding statutory changes. These changes to the State Budget Act would become effective if the proposed constitutional amendment is approved.

SOURCE: ADOPTED FROM BILL DIGEST H.B. 188 (02/24/0201)

ASSUMPTIONS AND METHODOLOGY:

The analysis provided only considers the cost of placing an amendment on the ballot for the November 2012 general election as required by Sections 7 through 9 of the bill. The impact on General Fund spending, should the amendment pass and expenditure limits are put in place, cannot be determined.

State Board of Elections

The State Board of Elections provided an estimate of the fiscal impact of submitting the proposed State Constitutional amendment to the qualified voters of the State at the November 2012 general election

Under G.S. 163-33(8), the State Board of Elections is required to reimburse the county boards of elections for their reasonable additional costs in placing required notices, advertisements, and publications for amendments to the State Constitution. County boards of elections must give notice at least 20 days before the date on which the registration books or records are closed that there will be a general election. The notice must include the following information for that election:

- Date
- Hours the voting places will be open for voting
- A description of the nature and type of election
- The issues, if any, to be submitted to the voters

According to the State Board of Elections, county boards of elections would only incur additional advertising expense if the General Assembly enacts the legislation placing the item on the ballot after the county board of elections would ordinarily provide the required notice. Given that the proposed constitutional amendment would not be placed on the ballot until November 2012, action on this legislation is likely to occur before the county boards of elections would ordinarily provide the required notices for the November 2012 general election.

The State Board of Elections estimates that reimbursing counties for the cost to run a public notice three times in a newspaper for all one hundred counties would be up to \$450,000, if the counties are notified of the constitutional amendment after they would ordinarily provide the required notice and subsequently requested reimbursement. Staff consulted two newspapers and found that while this estimate may be high, it can be considered reasonable. The State Board of Elections indicates, however, that no counties have requested reimbursement for reasonable additional costs for placing required notices for the most recent constitutional amendment that was placed on the November 2, 1010 general election.

Secretary of State

G.S. 147-54.10 requires the Constitutional Amendments Publications Commission, of which the Secretary of State is the Chairman, to prepare an explanation of any proposed amendment, revision, or new Constitution. The Commission must send a copy of the summary along with a news release to each county board of elections and make a copy available to any registered voter or representative of the media. The Department of the Secretary of State (SOS) estimates a cost of \$300 in FY 2011-12 for postage and supplies to mail approximately 600 notifications and news releases to the media and county boards of elections explaining the proposed amendment. SOS has determined that additional staff time needed can be absorbed by current staff. Fiscal Research concurs with this estimate.

SOURCES OF DATA: State Board of Elections, Secretary of State, News and Observer (advertisement costs), Charlotte Observer (advertisement costs).

TECHNICAL CONSIDERATIONS: None

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