

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1989**

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HOUSE BILL 296\*

Short Title: Local Government Finance Study.

(Public)

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Sponsors: Representatives Wiser, Diamont, S. Thompson; and Bowman.

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Referred to: Rules.

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February 20, 1989

A BILL TO BE ENTITLED

AN ACT TO CREATE THE LOCAL GOVERNMENT FINANCE STUDY  
COMMISSION.

Whereas, the elimination of the federal revenue-sharing program has resulted in the loss by counties and cities in North Carolina of over one hundred million dollars per year; and

Whereas, recent federal legislation will significantly increase the local government cost of the Medicaid program; and

Whereas, the General Assembly has responded to taxpayer concerns about the property tax by eliminating portions of the property tax base and authorizing alternative local revenue sources; and

Whereas, local government units in North Carolina must seek State approval for new sources of revenue to meet pressing needs; and

Whereas, the State and local units are jointly involved in funding numerous programs and the relationship between State and local funding for many of these programs has not been reviewed in a number of years; Now, therefore,  
The General Assembly of North Carolina enacts:

Section 1. The Local Government Finance Study Commission is created.  
The Commission shall:

- (1) Undertake a comprehensive review of State and local functional and funding responsibilities for services provided by State and local government units in North Carolina;
- (2) Make a comprehensive review of sources of funding local government units in North Carolina;

- 1           (3) Study the system under which local units are dependent on the State  
2           for authorization of changes in local revenue sources;  
3           (4) Analyze the impact of federal legislation since 1981 and potential  
4           federal legislation on the fiscal outlook of the State and local  
5           government units;  
6           (5) Analyze the methods and formulas used in providing State financial  
7           assistance to local government units, including reimbursement for  
8           local tax changes;  
9           (6) Analyze the relationship between the State and local budget cycles;  
10          (7) Review the process by which local fiscal impact information is  
11          presented during the State budget process; and  
12          (8) Discuss the merits of establishing a permanent advisory commission  
13          comprised of State and local elected officials and private citizens that  
14          would continually review State and local fiscal relationships.

15          Sec. 2. The Commission shall consist of 14 members to be appointed as  
16 follows:

- 17          (1) Four members of the Senate appointed by the President Pro Tempore  
18          of the Senate, one of whom shall be designated cochairman;  
19          (2) Three public members appointed by the President Pro Tempore of the  
20          Senate, two of whom shall be local government officials and one of  
21          whom shall be a citizen representing the public at large.  
22          (3) Four members of the House of Representatives appointed by the  
23          Speaker of the House of Representatives, one of whom shall be  
24          designated cochairman;  
25          (4) Three public members appointed by the Speaker of the House of  
26          Representatives, two of whom shall be local government officials and  
27          one of whom shall be a citizen representing the public at large.

28          Sec. 3. Members appointed to the Commission shall serve until the  
29 Commission makes its final report. Vacancies on the Commission shall be filled in the  
30 same manner as the original appointments were made.

31          Sec. 4. Upon request of the Commission or its staff, all State departments  
32 and agencies and all local government agencies shall furnish to the Commission or its  
33 staff any information in their possession or available to them.

34          Sec. 5. The Commission shall submit a final report of its findings and  
35 recommendations to the General Assembly on or before the first day of the 1991  
36 Session of the General Assembly, by filing the report with the Speaker of the House of  
37 Representatives and President Pro Tempore of the Senate. The Commission shall  
38 terminate upon filing its final report.

39          Sec. 6. The Commission shall have its initial meeting on or before October 1,  
40 1989. The Commission shall meet upon the call of the cochairmen.

41          Sec. 7. Upon approval of the Legislative Services Commission, the  
42 Legislative Services Officer shall assign professional and clerical staff to assist in the  
43 work of the Commission. Clerical staff shall be furnished to the Commission through  
44 the offices of House and Senate supervisors of clerks. The expenses of employment of

1 the clerical staff shall be borne by the Commission. The Commission may meet in the  
2 Legislative Building or the Legislative Office Building upon the approval of the  
3 Legislative Services Commission.

4         Sec. 8. Members of the Commission shall be paid subsistence and travel  
5 allowances as follows:

6             (1) Commission members who are also General Assembly members, at  
7                 the rate established in G.S. 120-3.1;

8             (2) Commission members who are officials or employees of the State or  
9                 local government agencies, at the rate established in G.S. 138-6;

10            (3) All other Commission members at the rate established in G.S. 138-5.

11         Sec. 9. There is appropriated from the General Fund to the General  
12 Assembly the sum of fifty thousand dollars (\$50,000) for the 1989-90 fiscal year, and  
13 the sum of twenty-five thousand dollars (\$25,000) for the 1990-91 fiscal year to fund  
14 the Commission created by this act. Funds appropriated for the Commission for the  
15 1989-90 fiscal year but not expended for that purpose may be expended during the  
16 1990-91 fiscal year.

17         Sec. 10. This act shall become effective July 1, 1989.