MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Brian Wikle, Senior Economist

DATE: May 9, 2018

SUBJECT: Bills Passed with Fiscal Impacts but Not Funded in 2018 G.S.

Each general session the Legislature passes a number of policy bills that impact the state budget. Appropriators generally adjust budgets for bills with fiscal impact that pass both bodies in the “Bill of Bills” (see, for example, H.B. 3, “Appropriations Adjustments”, 2018 General Session).

Joint Rule 3-2-402(5)(b)(ii) requires the Executive Appropriations Committee to “complete all decisions necessary to draft the final appropriations bills no later than the 39th day of the annual general session.” Additionally, Joint Rule 4-4-101(2)(b) requires that the Legislature “before adjourning on the 44th day of the annual general session, … either pass or defeat each bill with a fiscal note of $10,000 or more except constitutional amendment resolutions.” The Office of the Legislative Fiscal Analyst (LFA) in consultation with legislative leadership drafts the appropriations adjustments bill.

Two timing issues arise in drafting the final appropriations adjustments bill when the aforementioned joint rules are not followed:

1) LFA may include adjustments for bills that are approved for inclusion in the budget but have not yet passed. If such bills do not ultimately pass the governor uses line item vetoes to negate the associated adjustments.

   **Line item vetoes in H.B. 3 of appropriations for bills that did not pass**
   - Items 18, 98, 268, 280, 291, and 300: appropriations adjustments associated with H.B. 175, “Legislative Oversight Amendments” (fiscal note);
   - Items 178 and 181: appropriations adjustments associated with H.B. 205, “Down Syndrome Nondiscrimination Abortion Act” (fiscal note); and

2) LFA may exclude adjustments for other bills that have not yet passed. If such bills do ultimately pass the Legislature cannot, due to time constraints in the current session, adjust appropriations to reflect expected fiscal impacts.
Bills that passed but for which appropriations did not appear in H.B. 3

- **H.B. 322**, “Non-emergency Patient Transportation Safety Amendments” – the bill was vetoed by the governor;
- **H.B. 404**, “Land Trusts Protection and Advocacy Act” ([fiscal note](#));
- **H.B. 468**, “Residential Vocational and Life Skills Program Amendments” ([fiscal note](#));
- **H.J.R. 20**, “Joint Resolution Submitting a Question to Voters” ([fiscal note](#));
- **S.B. 16**, “Public Safety Fee Revisions” ([fiscal note](#));
- **S.B. 41**, “Support Special Group Historical License Plate” ([fiscal note](#));
- **S.B. 136**, “Transportation Governance Amendments” ([fiscal note](#)) – the bill appropriated funds and had other expected fiscal impacts; and
- **S.B. 143**, “Employment Background Checks” ([fiscal note](#)).

Budget adjustments that were not included in the “Bill of Bills” will likely be included in supplemental budget bills the following general session.

**Recommendation regarding the final appropriations bill**

Adherence to Joint Rules 3-2-402 and 4-4-101 would help avoid technical vetoes to the “Bill of Bills” and assure bills with fiscal impact are properly funded. The Legislative Fiscal Analyst recommends legislators continue to follow those rules as best possible. However, an alternative to Joint Rule 4-4-101 would be to amend any bill with a fiscal impact that has not passed by the end of day 44 to include funding in the bill itself. Accordingly, the “Bill of Bills” could be ready for legislative action at the start of calendared floor time on day 45, as required in Joint Rule 4-4-203.