

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 142

Short Title: Implement Zero-Based Budgeting. (Public)

Sponsors: Representatives Blust, Warren, Lambeth, and Scott (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Judiciary 3, if favorable, Appropriations, if favorable, Rules, Calendar, and Operations of the House

February 18, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE IMPLEMENTATION OF ZERO-BASED BUDGETING FOR
3 THE STATE BUDGET BY THE 2031-2033 FISCAL BIENNIUM.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Article 3 of Chapter 143C of the General Statutes is amended by adding
6 a new section to read:

7 "**§ 143C-3-3.1. Development and adoption of zero-based budget estimates.**

8 (a) For purposes of this section, the term "zero-based budget" means a budget that reflects
9 the amount of funding deemed necessary to achieve the most cost-effective performance of each
10 State agency pursuant to an accompanying narrative delineating the tasks to be performed by the
11 State agency together with the goals and objectives for each State agency for a period not to
12 exceed four years. The budget shall have a zero dollar amount as its basis and shall not reflect
13 any prior appropriation amount, adjusted or otherwise.

14 (b) Commencing with the fiscal year beginning July 1, 2027, the Governor shall begin
15 implementation of a zero-based budget. The Governor shall establish a schedule for phasing in
16 the zero-based budget over a period of four fiscal years, beginning with the State agencies in the
17 executive branch. The Governor shall identify which State agencies shall be required to submit
18 a zero-based budget for each of the four fiscal years. When a State agency submits its zero-based
19 budget for a fiscal year, the State agency shall develop its budget requests for appropriations on
20 a zero base, as if the budget for the State agency was being initiated for the first time. The State
21 agency's budget request to the Governor shall also be accompanied by a statement giving facts
22 and explanations of reasons for each item requested. The statement shall include a brief
23 explanation of the functions of each of the divisions, boards, commissions, officers, bureaus, or
24 institutions included within the State agency and comments on its policies and plans with
25 descriptive, quantitative, comparative, and other data regarding work accomplished and any other
26 relevant information."

27 **SECTION 2.** G.S. 143C-3-5 is amended by adding a new subsection to read:

28 "(h) For purposes of this subsection, the term "zero-based budget" is as defined in
29 G.S. 143C-3-3.1. Beginning with fiscal year 2027-2028, the Governor shall present budget
30 recommendations to the General Assembly that include zero-based budgets for certain State
31 agencies identified by the Governor pursuant to G.S. 143C-3-3.1. Beginning with fiscal year
32 2031-2032, the entire budget for the 2031-2033 fiscal biennium shall be a zero-based budget."

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

