



HOUSE BILL 142: Implement Zero-Based Budgeting.

2025-2026 General Assembly

Committee:	House Judiciary 3. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	March 4, 2025
Introduced by:	Reps. Blust, Warren, Lambeth, Scott	Prepared by:	Aaron McGlothlin
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 142 would require the implementation among State agencies of zero-based budgeting, beginning with the 2027-2028 fiscal year. The entirety of the Governor's Recommended State Budget for the 2031-2033 fiscal biennium would be required to be a zero-based budget.*

CURRENT LAW / BACKGROUND:

Article 3 of Chapter 143C (State Budget Act) of the General Statutes addresses the development of the Governor's Recommended State Budget, including those components that must be included in the budget recommendations that the Governor presents to the General Assembly.

BILL ANALYSIS: House Bill 142 would transition the Governor's Recommended State Budget to a zero-based budget, which would require State agencies to justify the amount appropriated to them each year anew.

Beginning July 1, 2027, the Governor would be required to begin implementation of the zero-based budget in phases over a four-year period, by directing certain State agencies to submit zero-based budgets for each of the first four fiscal years, starting with those State agencies in the executive branch.

Under the zero-based budget model, the agency would have to present its budget request as if the budget for the agency was being initiated for the first time, accompanied by a statement giving facts and explanations for each item requested. The statement would include:

- A brief explanation of the functions of each of the divisions, boards, commissions, officers, bureaus, or institutions included within the agency.
- Comments on the agency's policies and plans with descriptive, quantitative, comparative, and other data regarding work accomplished and any other relevant information.

Beginning with the 2027-2028 fiscal year, the Governor would be required to present budget recommendations to the General Assembly that include zero-based budgets for the State agencies previously identified as having to submit a zero-based budget for that fiscal year. The entirety of the Governor's Recommended State Budget for the 2031-2033 fiscal biennium would be required to be a zero-based budget.

EFFECTIVE DATE: This bill would become effective when it becomes law.

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