

Bill's Seat – A Report from the North Carolina Legislature -

By Representative Bill Faison

The Legislature adjourned last week. The Session went much longer than I thought necessary. It should have ended a month sooner. The holdup was the Budget. I thought you might want to know what happened.

The Problem: Revenue collections are way down. The challenge was to decide what programs to keep and what programs to cut. Both the Senate and House timely produced and passed Budgets. The Senate Budget was passed April 9, before the May revenue numbers were available. It spent money we did not have.

Evolution of the Budget: The House Budget was done after the May numbers were in. The full extent of Budget cuts to achieve a constitutionally required balanced Budget was known. 90% of the Budget is spent on Education, Medicaid/Health and Human Services, and prisons. The rest of State government is run on 10% of the Budget. It is really difficult to make meaningful cuts in the Budget without cuts to the big three. Even after the Stimulus money was applied, cuts in education and Medicaid were too deep. The House raised \$784 million in taxes and fees to protect Education and Medicaid. The House Budget was done by June 13 (June 30 deadline). However the Senate rejected the House Budget.

Governor Torpedoes the Budget: The Senate and House Budget Chairs negotiated a compromise Budget while the Finance Chairs negotiated how to raise additional money. The Chairs got guidance from their caucuses on what positions they could take. The Governor's office participated in the process. Finally, toward the middle of July, they reached a compromise. Just as they were about to announce the deal, the Governor backed out and threatened a veto. There may have been enough votes to pass a Budget (a majority vote) but not enough to override a veto (60% vote).

A Deal is Made: Everyone went back to the drawing board and started negotiating again. The Governor wanted \$1.2-1.5 billion in new taxes. Neither the House nor the Senate would agree. As with all negotiations everyone got some of what they wanted and no one got all of what they

wanted. Eventually the Governor, the Senate, and the House negotiators reached a compromise on the Budget. The deal included additional protections for education and Medicaid. The finance package changed some as well.

The Budget Passed: I think some of the cuts are too deep, and there are new taxes and fees that I do not like. I resisted raising some new taxes throughout the Budget process. Some other Legislators joined with me. Our efforts kept taxes down. We were able to cut out proposed taxes on utilities and social security benefits. Eventually, a balance was reached. I did not like the Budget or the taxes but thought this was the best deal we could get passed and voted for the package.

To Contact me: You can contact me at Bill.Faison@ncleg.net to share your thoughts.