

Bill's Seat – A Report from the North Carolina Legislature - June 28, 2009

By Representative Bill Faison

The House and Senate Appropriations Committee Chairs are meeting to try and work out a Budget. You would think they would have one by now but they do not. The State's Fiscal year ends June 30. A Budget must be done by then or a Continuing Resolution must be passed.

Continuing Resolutions Are Not Unusual. The current financial crisis is unusual. In prior years everyone knew there would be more money the next year because the State's population was growing and new businesses were opening. Growth meant more tax collections without increasing taxes. Continuing the prior year's Budget was not a big deal. Everyone knew the next Budget would spend more money so continuing under the old Budget for a few weeks was not a problem. This year there is a problem.

Continuing Under the Old Budget Will Not Work. There is not enough money to fund the old Budget. The Senate passed a Budget before May collections were available. There is not enough money to fund the Senate Budget. The House passed a Budget based on collections but the Senate has not agreed to the House Budget. The deadline is fast approaching. What is the plan?

The Plan. The plan should be to agree on a Budget and meet the deadline. Instead leadership in both the House and Senate propose a Continuing Resolution that simply requires all State agencies to cut approximately 17% from their Budget. The rumor is that the Resolution will leave it to each agency to decide what to cut. It is a simple but effective way to buy more time for the House and Senate to negotiate a compromise Budget.

Where Is The Governor? The Governor is stumping around the State leading a cheering squad for \$1.5 billion in new taxes. She says the necessary Budget cuts are too deep. The House agreed in part and raised approximately \$784 million in new taxes and put 85.5% of it back into Education and Medicaid. The Governor says the taxes should almost double. But what is the Governor's plan? She says she does not have one. She wants more tax money and wants the Legislature to figure out where to get it.

The Senate Tax Plan. The Senate has floated a trial balloon on a tax package to raise approximately \$1.5 billion for the Governor. It is ugly. Lots of people get taxed, not just the wealthy. Moreover, poor folks are hit with new taxes on utilities. The Senate would even tax some folk's social security. I cannot and will not support the Senate's proposed tax plan. I think it hurts people rather than helping them. Negotiations are continuing.

I Want to Know What You Think. We need to keep education strong. We need to look after kids and teachers. We need to keep Medicaid in place. We need to live within our means. Please contact me at Bill.Faison@ncleg.net to share your thoughts.