

North Carolina Legislative Update, June 2, 2017

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This week at the General Assembly, the House approved its proposed budget for the biennium while the Senate continued committee work.

House Budget Proposal ([S257](#))

The House voted to adopt its version of the budget early Friday morning with an 80 to 31 margin. Thirteen Democrats voted for the budget despite Democratic leader Darren Jackson speaking against the plan, making the case that it prioritizes tax cuts over State needs and noting the lack of sufficient textbook funding and broadband expansion. Next week, leadership will appoint budget conferees and get to work behind closed doors on a compromise.

Although both chambers have already agreed on an overall spending number (\$22.9 billion, which represents a 2.5 percent increase over the current fiscal year) there are significant differences in appropriations and tax proposals between the two budget versions. The Senate tax proposal would continue lowering tax rates for businesses and individuals with a two-year impact of about \$1 billion. The House proposal, which has a two-year impact of about \$340 million, would not continue lowering rates but instead would eliminate sales tax on certain equipment purchased by manufacturers, raise the cap on mortgage interest and property tax deductions, and reduce the franchise tax rate. Both versions raise the standard deduction amount.

Below are some highlights from the House's budget proposal:

\$391 million to fund an average 3.3 percent raises for public school teachers, \$1,000 raises for most state employees, and new salary schedules for principals and assistant principals

Enrollment growth funding for K-12 and University of North Carolina schools

Additional funds (\$10.4 million) for textbooks and digital materials for K-12 schools

\$18.2 million in federal block grants to eliminate the waiting list for Pre-Kindergarten program

\$4.2 million for tourism and economic development advertising

\$250,000 to establish a quick response team pilot program to help opiate overdose victims

\$6.8 million for construction and repairs on State ferries

\$3.1 million for 30 new Highway Patrol troopers and \$2.5 million for 37 new assistant district attorneys

\$30 million to pay for highway construction projects that are immediately needed, \$25 million for highway construction needs on state- and city-maintained roads for new and expanded public schools, and \$81.1 million for capital improvements at commercial airports

\$15 million for the film and entertainment grant fund

\$150 million for recovery from Hurricane Matthew

Sunday Alcohol Sales [§155](#)

Under current State law, bars and restaurants cannot sell alcoholic beverages on Sundays before 12 noon. A bill, which passed the Senate on Thursday, would authorize cities and counties to adopt ordinances allowing for the sale of such beverages beginning at 10 am on Sundays.

For more information, contact the Brooks Pierce Government Affairs Team, linked below.