

North Carolina Legislative Update, May 31, 2019

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The focus at the General Assembly this week was on the Senate, which passed the budget bill on Friday by a vote (30 to 16) largely along party lines. North Carolina adopts a two-year budget in the odd-numbered years and adjusts the second year spending in an even-numbered year session. Both chambers will now seek to resolve differences between their versions in a conference committee.

Budget Bill ([H966](#))

Here are some highlights from the Senate budget bill, which appropriates \$23.9 B for FY 20 and \$24.7B for FY 21.

Increases K-12 teacher salaries by 3.5% over two years and pays a \$1,000 bonus to veteran teachers effective July 1. The House budget increased this pay an average of 4.6% effective January 1, 2020.

Increases salaries for full-time state employees by 5% over two years effective July 1. The House budget raised these salaries the greater of 1% of \$500 effective January 1, 2020.

Funds 100 new school psychologist positions and provides \$4.8 billion for school construction and maintenance over 10 years.

Provides \$30 million over two years for the GREAT grant program, which incents private sector Internet providers and cooperatives to partner on broadband buildout.

Provides funds to eliminate the backlog in processing rape kits within two years.

Changes a number of tax laws similar to the House budget including raising the standard deduction, reducing franchise taxes on businesses, requiring “marketplace facilitators,” such as eBay, to collect sales taxes, and extends favorable tax treatment for interstate airlines, professional motor sports racing teams, and historic preservation projects. Most of these tax changes were in a bill (S 622) already passed by the Senate.

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