

Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office, March 26, 2021

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March 26, 2021



This week, Legislators considered a number of bills and Gov. Roy Cooper presented his state budget recommendations.

State Budget

Gov. Cooper released his general fund budget recommendations for the next two fiscal years—FY 22 (starts 7-1-21) and FY 23 (starts 7-1-22) this week. His proposal would spend \$27.4 billion in FY 22 and \$28.5 billion in FY 23 and place a bond proposal on the Nov. 2021 ballot. The budget also recommends reenactment of the earned income tax credit and enactment of a child and dependent care tax credit.

The General Assembly will consider the Governor's proposal—and other ideas—and seek to pass a budget bill by June 30, the end of the state's fiscal year. Legislative appropriators have completed their joint committee meetings and the Senate will now begin work on the biennial budget bill as that chamber considers the budget first this year.

Cooper indicated that he will have additional recommendations on how to spend North Carolina's share of federal funds coming to the state as part of HR 1319—the American Rescue Plan—that was recently enacted in Washington. Legislators are expected to pass bills allocating these funds as they did with prior federal COVID-19 relief funds. North Carolina's share of the HR 1319 funds is expected to be about \$9 billion.

Among other things, the Governor proposed increasing K-12 teacher pay by 10% and UNC and community college salaries by 7.5% over two years. These employees would receive a \$2,000 bonus in this fiscal year (FY 21) and another \$1,000 bonus during both FY 22 and 23. Other state employees would see a 5% raise over two years with a \$1,000 bonus each of the next two years.

In addition to his budget proposal, the Governor proposed a \$4.7 billion bond for statewide capital improvements. If passed by voters, the bond package would provide \$2.5 billion for public schools, \$783 million for the UNC System, \$500 million for the community college system, \$430 million for health and safety projects across state government, and \$460

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million for parks, zoos, museums and state historic sites.

Details of the Governor's proposal can be found at [this link](#).

Tax reductions

A bill (S 337) that would make additional reductions to state taxes was introduced this week. Among other things, the bill would decrease the individual income tax rate from 5.25% to 4.99%, increase the standard and child care deductions, and reduce the franchise tax paid by many businesses.

Broadband Maps

The House Energy and Public Utilities Committee this week passed a bill (H 289) that would spend \$1 million to develop broadband internet maps for the state. It directs the Department of Information Technology to develop the maps with the Department serving as the sole provider of broadband mapping for state agencies. The bill was referred to the House Appropriations Committee.

Water and Sewer

Bills that would allow private water and sewer utilities to secure multi-year rate hike approvals from the N.C. Utilities Commission are moving in the General Assembly. H 219 has passed the House and is in the Senate Rules Committee. S 211 passed the Senate Rules Committee and next heads to the Senate floor. In addition, a bill (H 368) was introduced that would empower water and sewer authorities during periods of public health emergencies to modify revenue collection practices and fund payment assistance programs for persons of low income.

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