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## **Republicans Offer Responsible Amendments to Massive Tax and Spend Budget**

Raleigh -- All 52 Republican members of the House voted against the Democrats' \$19.9 billion state budget that contains more than \$780 million in new taxes and \$86 million in new or increased fees. Republican members offered a number of amendments to cut unnecessary and wasteful spending. Most were rejected by the Democratic leadership.

Without raising taxes the state could spend \$19.1 billion next year, the same as in 2006-07 (see attached document from Fiscal Research Division). Claims of the necessity for "Draconian" cuts and massive tax increases were wildly exaggerated. Thoughtful prioritization of spending could have balanced the budget without the need for massive tax and fee increases.

Some of the taxes raised in the House passed budget include:

- "Super" income tax bracket as high as 8.5 percent. This is a job killer since this rate applies to many small businesses and to those who decide whether to bring large businesses here.
- Extending the sales tax to warranties, installation and repairs
- New taxes on amusement and movie tickets
- A new tax on most small businesses, even if they are losing money
- Courier services
- Raising the sales tax on most everything back to 7 percent

Increases in taxes and fees will amount to more than \$2 billion over the next two years and will allow state government to take over another 5 percent of the economy.

New fees were also imposed and current fees increased:

- Marriage license fee

- Divorce and foreclosure filing, record checks, business court filings, recording of mortgages and deeds
- Food and lodging inspections
- Radiation inspection, timber and fertilizer assessments
- Vet fees
- Medicaid provider fees
- Hospice licensure
- And hundreds of others!

A number of pet programs were evidently off limits to House Democrats. The ACC Hall of Champions, NC Center for Automotive Research and the Teapot Museum, now turned into an arts and crafts facility are examples. A [recent series](#) in the Raleigh News and Observer reported many of these.

While claiming near bankruptcy, the Democrats turned down an amendment by Rep. Wil Neuman (R-Gaston) which would have provided \$300 million in federal dollars to help with the pitifully low rates we pay those who care for our poor, sick people.

Republican legislators Nelson Dollar (R-Wake) and Hugh Blackwell (R-Burke) were successful in eliminating the lucrative “golden parachutes” for university officials and state employees. Forty-four Democrats voted to keep these sweetheart severance packages.

Rep. Blackwell was also successful in eliminating the Millennium Speakers Program, of recent Mary Easley fame. However, the Democrat leadership refused to allow a vote on another Blackwell provision to prohibit payment of more than \$6,000 to outside speakers on university campuses.

Hundreds of millions of dollars in erroneous and fraudulent payments will be saved by the adoption of a special provision to provide technology to NC’s Medicaid program which had long been advocated by Rep. Paul Stam (R-Wake). [House Bill 190](#), filed by Stam on February 17th, became Section 10.41 of the bill.

A “zero based budget” amendment by Rep. John Blust (R-Guilford) was adopted which would provide a businesslike approach to the budget process in the future.

To top off their refusal to economize, Democrats voted to continue abortion on demand in the state health plan. Republicans proposed to limit these abortions to cases of rape, incest and danger to the life of the mother, the same standard as the federal health plan.

The budget process is far from over. The House version will have to be considered with the Senate version in a conference committee over the next couple of weeks. Despite strong Republican attempts to bring spending in line to avoid increased taxes and fees on working

families, it appears the growth in state government will continue.

Below are links to the House passed budget of June 13:

Bill Text - [Senate Bill 202, 6th Edition Engrossed, as passed by North Carolina House of Representatives June 13, 2009 \(39 amendments engrossed\)](#)

Table of Contents- [Senate Bill 202, 6th Edition Engrossed, as passed by North Carolina House of Representatives June 13, 2009](#)

Report - [House of Representatives Report on the Continuation, Expansion, and Capital Budgets for Senate Bill 202, 6th Edition](#)

Report - [House Appropriations Committee Report on the Continuation, Expansion, and Capital Budgets for Senate Bill 202, 4th Edition Engrossed](#) (This Report is revised to incorporate all House Appropriations Committee amendments adopted June 9, 2009.)

Report - [Supplemental Report on the Continuation, Expansion and Capital Budgets and Contingent Appropriations](#) - Senate Bill 202, 5th Edition, as Amended with Committee Amendments.