



The Senate Connection

Connecting Davie and Rowan Counties with news from the
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Week 23 budget and Legislative News

On Tuesday, Governor Perdue released a new tax proposal slated to raise taxes by \$1.6 billion through a 1-cent increase to state sales tax, a new method for determining state income taxes which will result in taxpayers paying more, and new state taxes on a laundry list of services. After first promising the voters in last year's election campaign that she would not raise taxes, Governor Beverly Perdue sent her budget proposal to the General Assembly in March calling for \$500 million in "sin" taxes. In June, she jettied around the state contending that the only thing that could save North Carolina from calamity was \$1.5 billion in additional, although not specified, taxes. Yesterday, Governor Purdue released more specific proposal and called for a \$1.6 billion annual tax hike for North Carolina. She also went back to the Democratic playbook and says that many of her new taxes are going to be "temporary."

In 2001, former Governor Mike Easley and Democrats enacted "temporary" in creases in sales and income taxes; portions of those taxes are still on the book even though in many years after 2001, the state ran billion dollar plus surpluses in general fund. As these "temporary" taxes were extended and later made permanent, Beverly Purdue presided over the Senate as Lieutenant Governor and did not voice any objection. When asked by reporters how taxpayers could be sure now that these new "temporary" tax increases would not later become permanent as previous years, Perdue responded, "Because I'm the governor." ("Perdue: \$1.6 billion in taxes the only option," *Under the Dome*, 7/7/09) Makes you wonder, doesn't it?



Even Democrats have expressed skepticism about the latest tax proposal from Governor Perdue. Senator Dan Clodfelter (D-Mecklenburg), Co-Chairman of the Senate Finance Committee, characterized Perdue's proposal as lacking new ideas, "She took every option anyone had ever mentioned and put it on a list." ("Perdue wants 1¢ sales tax hike," *News & Observer*, 7/8/09) Representative Mickey Michaux (D-Durham), Senior House Budget Chair, also said that the Governor's proposal was just a mix of House and Senate tax proposals and lack new ideas. Michaux said, "I just wish she'd come out with it a lot sooner than today." he also called the \$1.6 billion revenue number "not realistic." ("Tues late:Reax," *Isaac Hunter's Tavern*, 7/7/09) Even Senate Democratic Leader Marc Basnight (D-Dare) said he would share the public's skepticism at the idea of "temporary" taxes. "I would be (skeptical) too, I would join in with the public," Basnight said. ("Perdue proposes taxes to break budget impasse," *Greensboro News & Record*, 7/7/09)

There they go again. It looks like the only answer North Carolina Democrats have is to raise taxes. Democratic leaders are at am impasse; they just can't agree on which segment of North Carolina's economy they will further damage with new and higher tax levies. Governor Perdue apparently has now settled on the across the board strategy. As we have seen all too often, her proposal fails to attack the real problem of wasteful government spending and inefficiency.

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Week 23 Legislative News Continued

After she spent eight years presiding over the Senate as Lieutenant Governor offering no objection as her Democratic colleagues made previous “temporary” taxes permanent, the idea that we should trust Governor Perdue and Legislative Democrats to ensure that her new “temporary” taxes will expire is laughable.

Republican Leaders Challenge Purdue’s Tax and Spend Policy

Democratic legislative leaders are now meeting, in closed door sessions, to craft a final state tax and spending plan; there is no open debate, no public input, and little opportunity for the media to give the public accurate or detailed information. According to news reports, Democrats are in agreement to raise state taxes by \$1 billion or more; it appears the debate now centers on which taxes will go up and which North Carolina families and businesses will be paying more.



Last week, Governor Beverly Perdue called on Legislative Democrats to conclude their negotiations quickly, and pass a budget saying she did not “care” which taxes were raised.

Senate Republican Leader Phil Berger (R-Rockingham) said, “The Democratic debate centers on which tax increases they’re going to enact; proposals that will only cost more jobs. We have record– high unemployment and Democrats not only steadfastly refuse to eliminate wasteful spending, they refuse to hold any kind of open debate to explain why. We don’t need more private, invitation only, closed door meetings— so this is a challenge to Governor Perdue: Let’s have joint appearances across North Carolina and Debate in the open the state budget and our policy differences on the issues of taxes and spending. That kind of frank dialogue is past due. I propose at least five such debates over the next two weeks; the events should be moderated by members of the press, including the capital press corps and local media, and should include a public comment and direct question component. This will allow us to incorporate ideas, comments, and proposals from the people of North Carolina.”

House Republican Leader Paul Stam (R-Wake) said, “When Democrats debate taxes and the budget solely among themselves, taxpayers are rarely heard. It is like committing lambs to the wolves to be devoured. This should end.”