



The Senate Connection

Connecting Davie and Rowan Counties with news from the
Office of Senator Andrew Brock

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• **Democrats Look at Tax Increases to Raise Revenue:**

This week in the North Carolina General Assembly session began with review of the budget passed by House Democrats. House Democrats proposed spending nearly \$20 billion, higher state taxes of almost \$800 million, and millions of dollars of wasteful spending.

“Higher taxes in the House Democrats budget will harm families, small businesses and anyone looking for a job. It makes it more likely that companies will move out of state and less likely that businesses will move into our state,” said Senate Republican Leader Phil Berger (R-Rockingham).

The Democrats proposed tax and fee increases over the next two years includes newly created taxes on families and small businesses:

- ◆ \$430 million in higher income taxes by raising the marginal tax rate to 8.5%
- ◆ \$400 million for expanding the state sales tax to services including warranties, installations, and repairs.
- ◆ \$31 million in new internet sales taxes
- ◆ \$395 million from an increase of .25 cent in the overall sales tax rate
- ◆ \$116 million in new taxes on package delivery services
- ◆ \$55 million entertainment tax on movie tickets and other amusements
- ◆ \$190 million franchise tax that will particularly impact small businesses



Keep in mind that Democrats have increased state spending by 50% in the past six years, an annual average increase of 8%; at the same time the combination of inflation and population growth justify spending growth of about half that amount.

Senator Berger said, “Now is not the time to raise taxes. Our top priority should be to balance the state budget, hold the line on taxes and end wasteful state government spending. As long as people see North Carolina government spending \$25 million for a fishing pier and tens of millions of dollars for additional park land, the only conclusion is that waste is still part of the state budget. Democrats still refuse to adopt zero-based budgeting, preferring instead to base their spending plan on yesterday’s projections rather than today’s realities.”

Governor Purdie, not satisfied with the House Democrats’ proposal to raise taxes, called for an even larger tax increase of \$1.5 billion.

◆ Tax Increase (continued):

Senator Berger responded by saying, “Governor Perdue’s call for a job-destroying \$1.5 billion tax increase is irresponsible and could not come at a worse time. As North Carolina faces the direst economic recession in decades including double digit unemployment rates, Governor Purdue refuses to abandon the tax and spend policies that have brought us to this point. The Democratic addiction to more spending and higher taxes is a surefire strategy for more job losses and delayed recovery. History shows increasing taxes during a recession have never produced an economic recovery. Republicans Proposed a reasonable alternative of freezing spending at existing levels, a policy that will not require debilitating cuts to education or job-destroying tax increases. Politicians can only be effective if the people that elected them trust them to keep their word— Governor Purdue should think twice before breaking her campaign promise not to raise taxes.”



◆ Other News:

For the fourth time this week Senate Democrats pulled [House bill 88](#) off the calendar due to the lack off votes to pass it. House bill 88 requires the inclusion

of so-called “comprehensive” sex education in the public schools. Over the past few months Republican amendments have resulted in the bill no longer requiring students to be forced to take the “comprehensive “ sex education if a parental consent form is not returned. The bill is scheduled to return to the calendar next Tuesday June 23 for consideration.

Another bill which was pulled from the Senate calendar on Thursday due to lack of votes was [Senate Bill 943](#) - Expansion of Film Credit. This bill will increase the credit from 15% to 25% of qualifying expenses of a production company. This bill is also scheduled to be re-calendared for Tuesday June 23.