



Senate Connection

News from the
Office of Senator Andrew Brock

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Sen. Andrew Brock
Republican

Special Edition:
The State Budget

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BAD NEWS BUDGET

DEMOCRATS' SPENDING PLANS INCLUDE MILLIONS MORE IN TAXES AND SPENDING

According to the John Locke Foundation, the governor's proposed budget increases spending by \$1 billion over last year's budget, increases taxes to the tune of over \$165 million and creates, without voter approval, \$533 million in new debt. The governor's proposal also dramatically increases the size of government, adding 830 new state employees to the payrolls and gives state employees raises totaling \$594 million.

"In a year where there's been so much talk about 'change,' the governor is offering more the same to the people of North Carolina: higher taxes and more spending," Senator Brock said.

Like spending in years past, this year's increase has outpaced the state's growth in population and the growth of inflation—numbers generally considered good indicators of how fast government should be growing. "The Democrats' out-of-control spending is unsustainable. We can't go on like this forever. State government cannot continue to grow like this every year," the Senator said in response to the alarming figures.

A recent poll by the non-partisan John William Pope Civitas Institute showed that North Carolinians also strongly disfavor the State's free-spending ways. Nearly sixty percent of respondents claimed that they were fiscal conservatives and more than three quarters of citizens opposed the non-voter approved debt.

The senator has been highly critical of extravagant spending during his tenure. "Every year we hear the same tired arguments about the need to burn through more taxpayer dollars, but the tide of public opinion is turning against the big spenders," Senator Brock continued. "It's time that elected officials in Raleigh start listening to the voice of the people and get this runaway spending under control."

Senator Brock encourages all citizens who are concerned about the current course of state government to contact their elected representatives in Raleigh. "Citizens need to speak out and make known their opposition to the way that the powers that be run this great state," he said.

FAST FACTS ON THE 2008 HOUSE BUDGET What You Need to Know About the Current Budget Proposal

Data Courtesy of the Non-Partisan, Non-Profit John William Pope Civitas Institute. Visit them at www.jwpcivitasinstitute.org



The 2008 proposed House Budget would:

Exceed Taxpayer Protection Act guidelines on a biennial basis.

Spending totals \$21.35 billion, up by \$2.48 billion over FY 2006-07. This would represent a biennial spending increase of 13.2 percent. By comparison, inflation plus population from July 2006 to July 2008 totals just 10.6 percent. The total would mark a 47 percent increase in state spending since FY 2001-02. In contrast, population plus inflation over that time would equal only 33.1 percent.

Increase General Fund spending while decreasing Highway Trust Fund appropriations.

The House Budget proposes a \$692 million increase in General Fund spending, but decreases Highway Trust Fund spending by \$65 million. The percentage of Highway Trust Fund revenue going to administration would increase by 26 percent (from 3.8 percent to 4.8 percent), at the expense of new road construction – which will decrease by more than

\$60 million.

Ignore the public's voice.

More than half a billion dollars in new “special obligation” debt would be authorized – none of it approved by voters. Not one penny of new state debt has been approved by North Carolina citizens during Governor Easley’s administration. Roughly \$2.4 billion in debt has been authorized since 2000, all *without* voter approval. The Civitas Institute’s May 2008 *DecisionMaker* poll shows that 77 percent of voters think the General Assembly should **not** be allowed to borrow money without voter approval.

Raid trust funds to expand programs.

Nine trust funds are raided for more than \$60 million to finance new General Fund spending. Included is \$21 million taken from the Disaster Relief Reserve, and \$5 million each from the Tobacco Trust Fund and Health & Wellness Trust Fund.

Further increase already escalating construction costs

The flat rate portion of new project fees for health care facilities would be doubled in most cases, increased by even more in the case of mental health facilities. This would amount to an increase of approximately \$822,000 in the cost of building new health care facilities. A new \$10 fee would be created for “each commercial flood hazard determination performed for improved real estate and mobile homes in North Carolina.”

Where to cut first? Senator Brock Endorses Plan to Save Taxpayers \$650 Million

Senator Brock recently endorsed a plan put forth by the Civitas Institute to cut more than \$650 million from the state budget and also provide much needed tax relief to the citizens of North Carolina. The plan calls for:

- **\$300 million** in cuts identified by the governor
- **\$30 million** in cuts recommended by budget and legislative staff
- Millions more in non-essential spending, including: **\$10 million** for “Tourism, film, and sport development;” **\$13.6 million** for government-funded TV and radio; and **\$3.5 million** for an unspecified “grass roots initiative” within the Dept. of Environment and Natural Resources.

“I support these cuts,” Senator Brock said. “State government has grown too large and we need to reduce its size immediately. This non-essential spending is the best place to start.”

The plan also calls for tax relief and avoiding the governor’s costly tax increase proposals. The plan calls for:

- Avoiding the governor’s **\$165 million tax increase** on cigarettes and alcohol
- Finally eliminating the “temporary” sales tax passed by the legislature years ago and **saving taxpayers \$258 million**
- Eliminating the “death tax” and **saving taxpayers \$171 million**
- Cutting the corporate tax rate to a regionally competitive 5%, a move which would **provide \$330 million in tax relief.**

“Our economy is in a tough place right now and people are paying higher prices for essentials like food and gasoline. We can give the economy a shot in the arm and ease the burden on working families by providing some much-needed tax relief,” the Senator said. “Cutting these taxes will provide a huge boost to the economy at a time when it’s badly needed.”

Recent polls by the Civitas Institute indicate that the citizens support the tax and spending cuts. Two thirds of voters polled believe that taxes in North Carolina are already too high, while only two percent said the taxes were too low. Seventy-three percent of voters also said it was important to cut taxes to stimulate the economy as opposed to only fourteen percent who felt that increasing taxes would stimulate the economy. “It never surprises me,” the Senator said, “to see that the people of North Carolina know what the politicians in Raleigh do not: cutting taxes is good for the economy. I can only hope that my Democrat colleagues who control the Senate will wake up to the wisdom of tax cuts soon.”