



North Carolina Spirits Association

Legislative Report
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This Week's Top Stories in North Carolina Politics

North Carolina State Government Forecasts Healthy Surplus Despite Minor Revenue Adjustment

North Carolina is projected to have a healthy budget surplus at the end of the fiscal year, despite a slight downward adjustment in revenue projections. The updated forecast, released by Governor Roy Cooper's budget office and General Assembly staff, takes into account the April 15 tax payments and returns. The state's general fund is expected to receive \$33.62 billion for the current fiscal year, which is \$136 million less than the initial forecast from February. However, this still represents an overcollection of \$3.11 billion or 10% above the revenues anticipated in the current budget. Revenue projections for the next two fiscal years have been slightly raised compared to the previous forecast. Republican legislators, who are responsible for budget decisions, will consider these figures as they determine spending, tax cuts, or savings. The House has already passed a budget proposal, while the Senate is expected to unveil its proposal next week. The slight decrease in projected revenues this year is primarily attributed to lower investment income, while the upward revision for the next two years is due to an improved outlook for sales tax collections and corporate tax base. Despite lower expectations, the forecast estimates that this year's revenue will be \$416 million higher than the previous fiscal year.

North Carolina Tourism Soars to Record High, Generating \$33.3 Billion in Spending and Fueling Job Growth

In 2022, tourism spending in North Carolina reached a record high of \$33.3 billion, surpassing the pre-pandemic peak by over \$4 billion. According to preliminary findings by Tourism Economics on behalf of Visit North Carolina, the state's tourism industry has made a strong recovery from the pandemic, leading to substantial job growth and increased tax revenues.

The surge in spending resulted in a 7.9% increase in federal, state, and local taxes compared to 2021, generating a total of \$4.2 billion in tax revenues for 2022. State tax receipts rose by 6.5% to nearly \$1.3 billion, while local tax receipts grew by 3.5% to almost \$1.2 billion compared to the previous year. Despite a significant decline in tax revenues from international travelers, tourism tax revenues are now 2.2% higher than in 2019.

The report highlights that 43 million domestic and international visitors contributed to the total spending, representing a 15.2% increase from 2021 and a 14% increase from the previous record of \$29.22 billion spent in 2019.

Commerce Secretary Machelle Baker Sanders expressed optimism, stating that the report provides ample reasons for North Carolinians to celebrate. Visitor spending supports over 45,000 small businesses across the state, encompassing various sectors such as lodging, dining, transportation, retail, and recreation. The tourism industry creates employment opportunities in all 100 counties, and efforts will continue to foster a talented workforce in travel and other industries within North Carolina. The Commerce Department estimates that tourism saves the average North Carolina household \$512 in state and local taxes, amounting to approximately \$230 per capita.

North Carolina Tops National Business Competitiveness Rankings for Third Consecutive Year

North Carolina has achieved the top ranking for the third consecutive year in the 2023 'Prosperity Cup' by Site Selection magazine, a highly regarded measure of state business competitiveness. The award is based on ten economic performance factors, such as the number of new and expanded facilities, capital investment, and job creation. Governor Roy Cooper attributes the state's success to its exceptional workforce, quality of life, infrastructure, education investments, commitment to diversity and inclusion, and ability to attract dynamic and innovative businesses. The Prosperity Cup, provided by Site Selection, is considered a reflection of a state's economic development agencies' strength and is derived from data by Conway Data Inc.'s New Plant Database. Following North Carolina in the rankings are Georgia, Ohio, and Indiana. The Department of Commerce collaborates with the Economic Development Partnership of North Carolina to oversee economic development projects at the state level.

North Carolina State Representative Jeffrey Elmore Joins Growing List of Candidates for Lieutenant Governor in 2024

North Carolina state Representative Jeffrey Elmore (R-Wilkes) has declared his candidacy for Lieutenant Governor in the 2024 election. As a teacher in the Wilkes County Schools, Elmore brings a background in education to his campaign. He intends to have a formal campaign kickoff in the coming weeks. Notably, the current Republican lieutenant governor, Mark Robinson, has announced his bid for governor. Other candidates from both the Democratic and Republican parties have also entered the lieutenant governor race. The lieutenant governor in North Carolina presides over state Senate debates and holds positions on governing boards, such as the State Board of Education and the State Board of Community Colleges. Primary elections for lieutenant governor will take place in March.

Former U.S. Rep. Mark Walker to Announce Candidacy for North Carolina Governor

Former U.S. Representative Mark Walker, a Republican, will announce his candidacy for Governor of North Carolina in 2024 on May 20. Walker, who previously served three terms in Congress and ran an unsuccessful U.S. Senate campaign, has been considering a run for governor based on the encouragement he received from pastors, officials, and groups across the state. Two other Republicans, Lt. Gov. Mark Robinson and state Treasurer Dale Folwell, have

already declared their candidacy for Governor. On the Democratic side, Attorney General Josh Stein is the sole known candidate.

This Week at the General Assembly

The past week in Raleigh at the General Assembly was characterized by a relatively quiet atmosphere, with minimal legislative activity. Only one committee meeting took place on Wednesday, the Senate Redistricting and Elections Committee, which focused solely on local election-related bills. Meanwhile, the Senate budget chairs dedicated their time from Tuesday to Thursday to finalize the Senate version of the budget. Over the weekend, the staff will continue working diligently, and Senator Berger is scheduled to announce the Senate version of the state budget on Monday.

We anticipate a busy week next week. On Tuesday, it is anticipated that the Senate and House will vote to attempt to override the Governor's veto of Senate Bill 20, the Care for Women, Children, and Families Act (the abortion bill). Additionally, the Senate budget will be reviewed in the Senate Appropriations Committee on Tuesday, with floor votes expected on Wednesday and Thursday. With the crossover deadline behind us, committee meetings will resume their regular schedule in both chambers, as legislators strive to shepherd their bills through the opposing chamber for passage.

The House and Senate adjourned on Thursday and will reconvene for non-voting sessions on Monday May 15.

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