



North Carolina Spirits Association

Legislative Report
August 8, 2023

Since the legislature will not hold voting sessions the week of August 7, we will not publish a legislative report again until August 18.

North Carolina will be without a new state budget until at least September 1. House Speaker Tim Moore has stated there is “zero” chance that a budget will pass before September 1. He planned to meet again this week with Senate President Pro Tem Phil Berger. Speaker Moore stated this week that he and Senator Berger are making progress, and a list of more than 100 items to discuss last week has been reduced to about 70.

North Carolina Republicans are trying to finalize a state budget deal. The leaders have reached an income tax agreement that will lower rates on individuals more than the current law. The tax changes will lead to a lower income tax rate than the current 4.75% by 2027. The House and Senate versions had different approaches to tax cuts, but now there will be now be triggers to ensure responsible rate reductions. The budget differences also include distribution of water and sewer grants, infrastructure funds for economic development projects, and funding for a nonprofit to turn university research into commercial success. These items are on the list to be discussed by the senior appropriations chairs his week.

The budget will include raises for teachers and state employees. The Senate’s budget bill this past spring proposed 5% raises over two years for most state employees, with 4.5% over two years for teachers, though that percentage would vary by teacher. The House proposed 10.2% average raises for teachers, with 7.5% for state employees and higher for some employees in harder-to-fill positions. The final budget will likely include raises that lie somewhere between those amounts. Raises will all be retroactive to July 1.

Among the items still being negotiated are legalizing more casinos and spending for savings and capital improvements. The delay in enacting a budget may also be impacted by the timing of a state budget’s passage is the funding of federal block grants, which are not included in North Carolina’s continuing resolution that allows the state to keep operating at the previous year’s spending levels rather than shut down like the federal government would. The federal fiscal year begins October 1.

The North Carolina General Assembly is delaying formal work for at least another week while budget negotiations and summer travel delay actions that Republicans want to accomplish before this year’s chief legislative session ends. House Speaker Tim Moore and Senate President Pro Tem Phil Berger confirmed this week that their respective chambers will not take votes or hold committee meetings this week. Five bills vetoed by Governor Roy Cooper last month have been

calendared in the House for override votes on August 16. Both chambers will most likely need all Republican members present to successfully override the Governor's vetoes.

The House and Senate will reconvene on Monday August 14.

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