



# North Carolina Spirits Association

Legislative Report  
June 10, 2022

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North Carolina state lawmakers are still saying they want to finish up their session by July 1, and that means getting a budget bill done by then, too. Senate leader Phil Berger said Tuesday that he hopes the House and Senate can reach their budget agreement by middle of next week. One the table are more raises for state employees and teachers, building and infrastructure projects, and tax relief.

The session began May 18. Leaders of the General Assembly, which is majority Republican, have already reached a deal on the total spending amount: \$29.5 to \$30 billion. House budget leaders are amenable to Democratic Governor Roy Cooper's budget proposal to give state employees and teachers bigger raises than they're already slated to receive this year. There is a 20% vacancy rate across state government jobs. But talks with the governor are still informal at this point, while the two chambers work out how they'll spend that roughly \$30 billion this coming fiscal year, from the amount of raises to what kind of tax cuts might be included.

Berger's priority for the session is reducing taxes. "I'd like to see us somehow deal with some sort of tax relief for the citizens," he said. "We've got all this money that has come in. I think it's important for us to show that we have a system that generates more money than we need to deal with the day-to-day operation of government that we reduce the burden on the taxpaying public," Berger said.

The state expects more than \$6 billion in projected tax revenue surplus. Both House and Senate Republican leaders have said they support further reductions in the personal income tax rate, but have not ruled out a one-time tax rebate. That's what Democrats want, and have proposed a \$200 gas tax rebate to licensed drivers age 18 and older. Cooper, who did not include tax cuts in his budget proposal, is open to the idea.

Both Berger and Cooper would be glad for the budget bill to include Medicaid expansion, which Senate Republicans came around to supporting but which House Republicans have been emphatically not interested in passing this year. The Senate passed House Bill 149, "Expanding Access to Healthcare," last week. "I'd be fine with that being part of the budget. Whether or not we can get the House to agree to that, no, not something that's happened yet," Berger said. House Speaker Tim Moore and other Republicans have repeatedly said they don't want to vote on Medicaid expansion this year. Moore noted that the next session is seven months away.

Berger's timeline of a week for the next step in the budget process includes the caveat that he is "hopeful" the legislature will have their position locked down by then. Beyond taxes,

there are still some other decisions that need to be made in a “wide range of areas,” he said. That sets the clock for House and Senate agreement on a potential budget deal by June 17. The fiscal year starts July 1, but there is already a spending plan in place for the coming year, regardless if a new budget bill becomes law.

The House and Senate adjourned on Friday and will reconvene on Monday, June 13, 2022.

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For more information about legislation described in the legislative reports, feel free to contact us at [mfrazier@nexsenpruet.com](mailto:mfrazier@nexsenpruet.com) or [dferrell@nexsenpruet.com](mailto:dferrell@nexsenpruet.com), or at (919) 573-7421. Information is also available on the General Assembly’s website: [www.ncleg.gov](http://www.ncleg.gov).

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