



Bulletin #05-15

Thursday, May 5, 2005

SENATE BUDGET – GOOD NEWS AND BAD NEWS

GOOD NEWS . . .

The Senate this week discussed its version of a \$17.2 billion budget for 2005-06. Included in revenues were continuation of the one-half cent sales tax set to expire June 30 (\$413.4 million) and a 35 cents per pack increase in the cigarette tax (\$201.3 million). The budget was reported from the Appropriation Committee on Tuesday, May 3, and approved on second reading. Final approval is expected Thursday.

... BAD NEWS

The Senate budget contained no relief for counties faced with increased Medicaid responsibilities. The county share, mandated by the General Assembly, is expected to be \$450 million for the current 2004-05 fiscal year.

... THE OTHER BAD NEWS

The proposed Senate budget also takes away \$50 million in school capital outlay funds from the Public School Capital Fund (the ADM Fund) and redirects the money for state school operating expenses. The ADM Fund would be eliminated entirely in 2007-08. The Senate budget proposes to direct \$70 million of lottery proceeds to the current ADM Fund in 2005-06 and \$150 million of lottery proceeds beginning in 2006-07 to a new fund, the County Assistance Fund, to be used for school construction only – not renovation, repairs or other capital maintenance.

COUNTY ASSEMBLY DAY

The Association's annual Legislative Briefing, "County Assembly Day," is scheduled for Wednesday, May 25. On that day, the General Assembly will hold a ceremonial session in Chowan County. Legislators are scheduled to travel to Edenton on Tuesday, May 24, and return Wednesday following a mid-morning session. Our reception is scheduled for 5:30 p.m. on May 25, by which time we expect legislators to be back in Raleigh.

GENERAL GOVERNMENT Updates

H399 "To allow counties with no incorporated municipalities to exercise most municipal functions." Rep. Bill Owens (Pasquotank). ([Bulletin #06](#), March 3, 2005; [Bulletin #08](#), March 18, 2005; [Bulletin #12](#), April 14, 2005). This bill was approved by the Senate on second reading April 21 and on third reading April 25. The House voted May 4 to concur in a Senate amendment.

H819 “**Allowing Regional Councils of Government to acquire real property.**” Rep. Drew Saunders (Mecklenburg). (**Bulletin #09**, March 24, 2005). This bill was favorably reported in the House on April 21. It was approved on second and third reading April 27 and has been referred to the Senate Finance Committee.

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