



LEGISLATIVE NEWSLETTER

September 12, 2016, Issue 642

What's Up

State Cash Surplus Rises: State general fund tax and non-tax revenues jumped by more than \$700 million in the fiscal year ending June 30, a 3.3 percent increase over the previous year, according to a report by the office of State Controller Linda Combs. Tax revenues rose by \$860.8 million, or 4.2 percent, and non-tax revenues decreased by \$158.1 million, or 15.5 percent.

Overall, individual income tax receipts increased by \$827 million, or 7.5 percent, despite lower tax rates approved by the General Assembly. State Budget Director Drew Heath said job growth is the main driver of the increase. That's because corporate income tax revenues decreased by \$270 million, or 20 percent. Sales tax revenue increased by \$308 million, or about 5 percent, the report noted.

The state amassed \$22.2 billion in the 2016 fiscal year, spending about \$21.2 billion, meaning the cash surplus for the year was about \$940 million. Heath attributed the surplus to higher-than-expected revenue collections and lower-than-budgeted spending.

By the Numbers: Enrollment in public schools and Medicaid was lower than forecast, which decreased the amount spent in those areas, Heath said. As of June 30, the state savings reserve account had nearly \$1.6 billion after the General Assembly added nearly \$474 million in this year's budget. There was \$93 million for repairs and renovations.

Still, the revenue jump for 2015-16 was lower than last year's increase, when compared to the prior year through June 30, net tax and non-tax revenues increased by \$1.3 billion, or 6.4 percent. Tax revenues through June 2015 increased by \$1.3 billion, or 7.1 percent, and non-tax 4.7 percent.

Other News

Last week, the N.C. Conference of District Attorneys announced it would not be filing criminal charges against former Cape Fear Community College president Ted Spring after a yearlong

investigation by the NC State Bureau of Investigation. In July 2015, the N.C. Office of the State Auditor released a report criticizing the former president, following a state auditor report that found Spring gave raises and promotions without board approval, used vending funds for personal expenditures and was reimbursed for mileage above actual out-of-pocket expenditures. In a statement following the announcement, Gary Shipman, attorney for Spring, wrote that last year he called the efforts to institute a criminal investigation against his client a "witch hunt."

New Name Eyed: Guilford County Schools has slated a period to allow the public to suggest new names for Aycock Middle School. The Guilford County Board of Education voted 5-4 recently to survey the public about possible new names for the school. Aycock, governor from 1901-05, was known as the "education governor." He was also a major architect of a white supremacy campaign in the late 19th century.

Job Growth: Thousands of bales of plastic bottles occupied a warehouse floor this month with the promise of new life at Unifi Inc.'s expanded \$28 million Repreve processing center in Reidsville. For those bottles that emerge from a sorting process, seven eventually will be turned into enough recycled polyester yarn to produce a pair of classic fit casual dress pants by Haggard. Another 16 bottles will become seat covers in a Ford F-150 truck. The polyester chips are made from post-consumer plastics, such as soda and water bottles, along with post-industrial fiber and fabric waste.

House Appointment: A New Hanover County Republican facing no opposition for a North Carolina House seat in November has joined the chamber earlier than expected with the recent resignation of her predecessor. Holly Grange was appointed last week. Catlin previously announced he wasn't seeking re-election. Grange won the 20th House District GOP primary in March and local Republicans recently chose her to fill out Catlin's term. She has no rival on the fall ballot for the next two-year term. The legislature has been adjourned since July. There are no scheduled sessions through the rest of 2016.

Quote of the Week

"Do right and you won't go wrong."

- Overheard

Editor - Dave Simpson, NCACTE Lobbyist, P. O. Box 30998, Raleigh, N.C. 27609

Phone: (919) 781-3270, #5724; Email: dsimpson@carolinasagac.org