

Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office, November 19, 2021

11.19.2021

North Carolina will have an enacted biennial budget bill for the first time since 2018 after activity this week in Raleigh.

New State Budget Law

Legislators this week passed a conference report for the biennial budget bill (S 105) and Gov. Roy Cooper signed it into law although it does not contain items of importance to him such as expansion of Medicaid health care coverage. The bill does create a legislative commission to study access to health care and Medicaid expansion and provides for a possible recommendation for a bill on these topics to the 2022 legislative session.

Some highlights from the budget report are:

- Appropriates \$25.9 billion for FY 2022 and \$27 billion for FY 2023.
- Provides over the biennium a 5% pay raise for most state employees and an average 5% pay raise for teachers. Both teachers and state employees will receive a bonus.
- Increases recurring education spending \$1.5 billion over the base budget during the biennium and appropriates funds for K-12 school construction.
- Appropriates \$6 billion to the State Capital and Infrastructure Fund over the biennium for infrastructure projects and debt reduction.
- Provides \$1 billion for broadband internet expansion.
- Increases the zero-tax bracket to \$25,500, reduces the personal income tax rate from 5.25% to 3.99% by 2027 with an initial reduction to 4.99% in 2022, reduces the corporate tax rate from 2.5% to 2.25% in 2025 with eventual reduction to 0% after 2029, increases the child tax deduction by \$500 per child, allows tax deductions for taxpayers that received Payment Protection Program (PPP) loans and eliminates the state income tax on military pensions.
- Revises the Emergency Management Act to require a Council of State vote to extend a statewide emergency beyond 30 days (effective Jan. 1, 2023).

Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office,
November 19, 2021

The full bill text can be found [here](#).

The committee report, which provides details about specific spending, can be found [here](#).

Remainder of 2021 Session

Now that the budget bill has been enacted, legislative leaders have indicated that they may finish their work for the year during the week of Nov. 29. Although a schedule has not been announced, it is uncertain whether other substantive bills will be considered this year. Among bills that await action are S 688, which would authorize sports wagering, and H 954, which would authorize and regulate video lottery terminals. Both bills are eligible for consideration in the 2022 session.

For more information, contact a member of the Brooks Pierce Government Affairs Team.

PEOPLE

Katelyn Kingsbury

Drew Moretz

Ed Turlington

SERVICES

Government Relations & Public Policy