

Easley Signs State Budget Into Law

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Nearly a month and a half late, North Carolina finally enacted a budget for state government Saturday as Gov. Mike Easley signed the \$17.2 billion two-year spending plan into law.

The House approved the budget Wednesday and the Senate passed it Thursday as the Legislature tried to wrap up most of its work for the year. The Senate met Friday and Saturday to act on dozens of other bills.

"North Carolina's General Assembly has worked hard to pass a budget, and I commend them for their efforts," Easley said in a statement Saturday. "It is one of the best education budgets I have seen."

When the fiscal year began July 1 without a new budget in place, lawmakers twice passed stopgap measures to keep state government running. The last one expired at 11:59 p.m. Thursday, hours after the Senate voted along party lines to approve the new spending plan.

But Easley took his time examining the measure before he signed it. Staff members pointed to the provision in the state constitution that gives him 10 days to review bills that require his signature and, after consulting with attorneys, said state government could keep running in the interim without an emergency order or another temporary spending law.

The budget includes a raise of 2 percent or \$850, whichever is greater, for state employees. Easley stymied efforts to make the amounts higher by threatening to veto the budget.

The budget generates more than \$600 million in new or extended taxes, including a cigarette tax that jumps from 5 to 30 cents a pack.

It also keeps in place for another two years a half-cent increase in the sales tax and an 8.25 percent income tax rate for top wage earners. Both were set to expire this year after first going on the books in 2001.

Driver's licenses and title fees would increase, as would taxes on candy, liquor and satellite television.

Easley praised the budget's financing of education, noting it included \$42.5 million for low wealth and disadvantaged schools, which will help the state meet the requirements of the Leandro school finance case. In that case, a judge found

the state was not doing enough to ensure a "sound basic education" for its poorest students.

"This is the first time the plan for low wealth schools has been so significantly funded," he said. "This Legislature is taking seriously the constitutional right for every child to have a quality education regardless of where they live in this state."