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**JOINT CAUCUS PRESS RELEASE**

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FOR IMMEDIATE RELEASE

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**DEMOCRATS' THREE RING CIRCUS  
STILL PLAYING IN RALEIGH**  
*More Taxes in Store for Everyone*

The Governor and Democratic leadership of the Senate and House [still have not drafted a balanced budget](#) -- a full month overdue. The drama being played between Governor Perdue and the Democrats in the Legislature is pointing to ineptitude by those in charge to deal with the real cause of the budget deficit.

Why do Democrats really want to add \$1 billion in new taxes to your bill? They will tell you that it is all for the children. But priorities like education, law enforcement and the environment can be met with the first \$19 billion that we have available to spend, without raising tax rates.

While Governor Bev Perdue supports a huge regressive sales tax increase, she claimed to be "stunned" by the revelations of the Democratic leaders in the Legislature that the budget draft contained an income tax surcharge. Republican members and most reputable economists remain stunned that massive tax increases are being proposed during a severe recession.

While the following suggested cuts may not be supported by all, they are examples of current spending that can be reduced or eliminated to balance the budget instead of increased taxes. But Democrats have taken these issues completely off the table for discussion.

**Annualized Savings in millions****Source of savings**

- | <b>Annualized Savings in millions</b> | <b>Source of savings</b>  |
|---------------------------------------|---|
| 1. \$280                              | 1. Use \$70 million of Golden Leaf diversions from the budget to get a 3-1 match with federal funds – The Neumann amendment to accomplish much of this was rejected 50-64 by the House. Sen. Clodfelter’s <a href="#">S420</a> would have had a similar effect. |
| 2. \$100                              | 2. Expand charter schools to allow North Carolina to <a href="#">receive federal stimulus money for “Race to the Top”</a>   |
| 3. \$30                               | 3. Tuition Tax Credits (HB 335) – rejected 13-16 by House Finance Committee (additional yearly county <a href="#">savings of about \$20 million</a> are projected)  |
| 4. \$5                                | 4. Tax Credits for Children with Disabilities (HB 687) – Rejected by the House Education Committee 21-26 (additional yearly county savings of up to \$5 million are projected – see attached Fiscal Memo)   |
| 5. \$14                               | 5. In-state tuition for out of state athletes   |
| 6. \$20                               | 6. Racial Justice Act (S461) – Fiscal note is \$6 million but the true cost is approximately \$20 million (See attached letter from Forsyth District Attorney Tom Keith.)   |
| 7. \$8                                | 7. Capital Procedure/Mental Disability (HB 137) – Fiscal note is over \$1.5 million but the true cost is \$8 million/year for several years (See attached letter from William Hart at the Dept. of Justice)   |
| 8. \$25                               | 8. Nags Head Pier (one time money – but every year has this type of project)  |
| 9. \$5                                | 9. Apple Incentives – to bring 50 jobs to NC  |
| 10. \$40                              | 10. Extend Film Credits – after 1 <sup>st</sup> year  |
| 11. \$2                               | 11. Roanoke Island Commission   |
| 12. \$50                              | 12. UNC-CH <a href="#">Bain efficiency study</a> – on an <u>annualized</u> basis  |
| 13. \$50                              | 13. Centers and Institutes at UNC systems– total about \$100 million - about half could be saved (UNC-CH included in #13)   |
| 14. \$4                               | 14. Close Dobbs Youth Center with another nearby  |

**TOTAL: \$633 million**

The Democrats completely dismiss the idea of finding another \$360 million of waste and abuse. But recent months have demonstrated:

- \$635.3 million in Medicaid fraud and waste for community services over 3 years
- \$30 million wasted on faulty construction on I-40 and \$13 million to repair a botched paving job on I-795
- \$38,000 spent to buy crab pots for one person
- And the list goes on and on . . .

North Carolina needs jobs. The Democrats are giving us more taxes.

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