

For the Record

Cutting spending, not raising taxes, is answer to budget woes

A 6 percent cut is all it would take, and that's not asking much.

From N.C. Rep. Ric Killian, R-Mecklenburg:

The 2009 session of the N.C. General Assembly will end soon. The 2009-2010 budget is the session's most significant legislation. Projected revenues for 2009-2010 are \$19.2 billion, including non-recurring federal stimulus money. Actual expenditures for 2008-2009 are \$20.3 billion. To close the \$1.1 billion gap, the legislature must either reduce spending, raise taxes, or both.

The House and Senate budget writers agree on nearly a \$1 billion tax increase, and are working out the details of who will pay. House Democrats want to raise income and sales taxes, while Senate Dem-

ocrats want to increase what is taxed. According to The Taxpayers Network, North Carolina ranks 18th in state and local tax burden as a percent of income. The Democratic leaders in the General Assembly chose the old style "continuation budget" full of unchecked spending; then, used education and health care to politicize the process in support of tax increases.

Gov. Bev Perdue recently called for up to \$1.6 billion of additional income, sales, business, and excise taxes; and limiting itemized deductions including home mortgage interest. Specifically, she proposes a 1 percent sales tax increase, additional taxes on cigarettes and alcohol and adding taxes on warranties, installations, repairs, amusements/movies and many other services. These taxes are regressive and take hard-earned dollars from families when they can least afford it. She also proposes business taxes including LLC assessments, insurance premium taxes and

limiting other exemptions. These taxes will reduce our state's economic competitiveness.

Reducing spending, not raising taxes, is the solution. North Carolinians agree - 79 percent of those surveyed in an April 2009 Civitas poll believe the General Assembly should cut spending rather than increase taxes. A reduction of less than 6 percent from current spending is all that is necessary to balance the budget for next year. This is reasonable given that state spending increased an average of 6 percent in each of the past eight years. One example of potential spending reductions came from a recent report of the Program Evaluation Division of the General Assembly, stating that effective planning and oversight of a mental health program could have saved taxpayers up to \$226 million. Reducing spending would not necessitate the reduction of services claimed by special interests; rather, it is a common sense solution that N.C.

families and businesses are using every day.

It is time for a new direction in Raleigh. We should use the zero-based budgeting approach, with input from all members of the General Assembly, in an open and transparent forum. We must reevaluate all programs and realign our spending to coincide with the needs of our citizens, not the wants of the special interests. I have a vision for a North Carolina that leads the nation out of recession and becomes a model. Fiscally conservative policies, including debt reduction, and a fair and competitive tax rate structure will attract individuals and businesses. Now is the time for North Carolina to take a new direction towards a better tomorrow for all citizens.

For the Record offers commentaries from various sources. The views are the writer's, and not necessarily those of the Observer editorial board.



Killian