

May 9, 2007

H 2044. REVENUE ACT OF 2007. Filed 5/9/07. *TO EXTEND THE SUNSETS ON THE QUARTER CENT SALES TAX AND THE UPPER INCOME TAX BRACKET.*

Delays from July 1, 2007, until July 1, 2009, the reduction in the general state sales tax rate from 4.25% to 4%. Delays from January 1, 2008, to January 1, 2010, the sunset of the 8% income tax rate, which applies to individuals with state taxable income above \$120,000 and married couples filing jointly with income above \$200,000. The tax rate on these taxpayers was scheduled to be reduced for the 2008 tax year from 8% to 7.75%, the same rate that applies to individuals with state taxable income above \$60,000 and married couples filing jointly with income above \$100,000.

Intro. by Luebke, Gibson, Wainwright, Weiss. GS 105

June 25, 2007

H 2044. 2007 CONTINUING BUDGET AUTHORITY (NEW). Filed 5/9/2007. House committee substitute makes the following changes to 1st edition. Conforms the title.

Changes effective July 1 through July 31, 2007. Authorizes the Governor to continue to allot funds for specified state expenditures up to the levels authorized in the 2006 appropriations act (SL 2006-66, as amended). Prohibits allotment of funds for purposes for which both the House and Senate versions of the proposed 2007 appropriations act (H 1473) provide identical budget reductions. Prohibits filling of vacant positions subject to proposed budget reductions in both the House and Senate versions of the proposed 2007 appropriations act. Provides that when the 2007 appropriations act becomes law, the Governor must make adjustments to give retroactive effect to its provisions effective July 1, 2007. Directs the Governor to continue to allocate federal block grant funds at the levels provided in SL 2006-52.

Provides that the following employees do not move up on salary schedules or get automatic increases until authorized by the General Assembly: (1) public school employees paid on the teacher or school-based administrator salary schedule, (2) assistant and deputy court clerks subject to an incremental salary plan, (3) magistrates, and (4) members of the Highway Patrol. Provides that the state's employer contribution rates for benefits for 2007-2008 remain the same as they are as of June 30, 2007, until the 2007 appropriations act becomes law. The Governor is to adjust the rates for the remainder of the fiscal year to account for the different amount contributed until the 2007 appropriations act becomes law so that the effective rates for the entire year will be those set in the act.

Reversions and transfers. Effective June 30, 2007, provides that if either the House or Senate version of the proposed 2007 appropriations act directs that funds not revert on June 30, 2007, those funds do not revert and shall not be expended except pursuant to a law enacted after June 30, 2007. Effective June 30, 2007, directs that for the 2006-07 fiscal year only, funds are not to be reserved or transferred from the unreserved credit balance to (1) the Repairs and Renovations Reserve Account or (2) the Savings Reserve Account.

Retired teachers return to work. Identical to House Bill 956, third edition engrossed 5/22/07.

Public schools. Effective July 1, 2007, appropriates \$173.4 million for 2007-08 from the General Fund to the Department of Public Instruction to fully fund increases in average daily membership, subject to adjustment by the General Assembly.

Tax changes. Deletes the provision in the 1st edition that would have delayed from January 1, 2008, to January 1, 2010, the sunset of the 8% income tax rate, which applies to individuals with state taxable income above \$120,000 and married couples filing jointly with income above \$200,000. Delays from July 1, 2007, until August 2, 2007 (was, July 1, 2009), the effective date of the reduction in the general state sales tax rate from 4.25% to 4%. Provides that retailers that make a good faith effort to collect the tax at the correct rate are not liable for under- or over-collections during the period July 1, 2007, through July 15, 2007.

Medicaid estate recovery plan. Effective June 30, 2007, amends section 10.21C(c) of S.L. 2005-276, as amended, to delay the effective date of the Medicaid estate recovery plan from July 1, 2007, to August 1, 2007.

June 27, 2007

H 2044. 2007 CONTINUING BUDGET AUTHORITY. Filed 5/9/07. House amendments make the following changes to 2nd edition.

Public schools: Amendment #1 reduces the appropriation from the General Fund to the Department of Public Instruction for 2007-08 from \$173.4 million to \$162.4 million.

Retired teachers return to work: This provision was identical to the 3rd edition of House Bill 956, which extends until October 31, 2009 the provisions to permit retired teachers to return to the classroom without a loss of retirement benefits. Amendment # 1 changes the sunset date on those provisions to August 1, 2007.

Extend sunset on additional one-quarter cent state sales and use tax rate: Amendment #2 designates that the provision that retailers who make a good faith effort to comply with the law are not liable for an over-collection or under-collection of sales tax applies to the period beginning July 1, 2007, and ending August 1, 2007 (was, ending July 15, 2007).

July 2, 2007

SL 2007-145 (H 2044). 2007 CONTINUING BUDGET AUTHORITY. AN ACT
AUTHORIZING THE DIRECTOR OF THE BUDGET TO CONTINUE EXPENDITURES FOR THE OPERATION OF GOVERNMENT AT THE LEVEL IN EFFECT ON JUNE 30, 2007; APPROPRIATING FUNDS FOR INCREASES IN THE AVERAGE DAILY MEMBERSHIP IN THE PUBLIC SCHOOLS; EXTENDING THE PROVISION THAT PERMITS RETIRED TEACHERS TO RETURN TO THE CLASSROOM WITHOUT A LOSS OF RETIREMENT BENEFITS; DELAYING THE EFFECTIVE DATE OF CHANGES TO THE MEDICAID ESTATE RECOVERY PLAN; AND EXTENDING THE SUNSET ON THE ADDITIONAL ONE-QUARTER CENT STATE SALES AND USE TAX FROM JULY 1, 2007, UNTIL AUGUST 1, 2007. Summarized in *Daily Bulletin* 5/9/07, 6/25/07, and 6/27/07. Enacted June 29, 2007. Section 10 is effective June 30, 2007. Sections 1–4 are effective July 1, 2007, and expire at 11:59 p.m. on July 31, 2007. The remainder is effective June 29, 2007.