

House OKs hike of \$900 million

Income tax change, local sales tax are key features

By DAVID RICE
Media General News Service

After more than a month of starts and stops, the state House voted 63-56 Wednesday night to increase taxes by \$900 million over the next two years, chiefly through a half-cent increase in local sales taxes and a half-percent increase in the income-tax rate for the state's highest earners.

And although House leaders hailed the vote as the first step toward ending a budget impasse in a fiscal year that's already 2 months old, Senate leaders continued to voice reservations about the plan, criticizing the income-tax increase for executives and saying that the \$905 million it raises for the state this year and \$402 million next year might not be enough.

"It was tough to get to this point. We had to talk to a lot of people," said House Speaker Jim Black. "You'd add something on one end and lose somebody on the other end. We just had to keep working at it, keep talking."

"We're confident we'll have a budget pretty soon," Black said. "We really worked hard to get our teacher pay to the national average, and we really regret that we can't take another major step. But we certainly don't want to take a step backward."

The plan that won tentative approval Wednesday night and which was scheduled for another vote Thursday is something of a retreat from a \$1.1 billion plan that House leaders advanced last week that would have increased sales taxes by 1 cent statewide, raised the income tax on couples who make more than \$200,000 by a quarter of a percent and offered an earned-income tax credit for the working poor.

Black said that the multiple changes in the tax plan reflect the negotiating power of members in the House, where Democrats hold a margin of 62-58. Rep. Monroe Buchanan, R-Mitchell, was the only Republican to back the plan.

"The fact is we had 63 votes tonight," Black said.

"The numbers are very close here, and that raises everybody's ability to raise the points they want to negotiate. Everybody has strong negotiating ability."

The plan would: "Let cities and counties increase sales taxes by a half percent, to a total of 6.5 percent, raising \$399 million next year for local governments. In return, the state would keep \$333 million a year in reimbursements that it currently provides cities and counties for repealed taxes."

Raise the income-tax rate for individuals who make more than \$120,000 and couples who make more than \$200,000 by a half-percent, to 6.25 percent. The move would raise \$102.9 million next year and would expire after the 2003 tax year.

Remove a \$1,500 cap on sales taxes on luxury cars, raising \$2.4 million next year.

Tax health-maintenance organizations and Blue Cross Blue Shield at 1 percent of gross premiums, raising \$33.8 million next year.

Impose a 6 percent sales tax on liquor, raising \$24.7 million next year.

The plan also includes several tax cuts:

An increase in the standard deduction for married couples to eliminate the "marriage penalty."

An increase in the state's child tax credit to \$100 for each child.

A sales-tax holiday in early August next year, when parents are buying back-to-school clothing and supplies. The nonpartisan N.C. Budget & Tax Center estimates that for the bottom 20 percent of taxpayers, who make less than \$15,000 a year, the plan would mean an average increase of \$20.49 a year in taxes. For the next 20 percent, who make \$15,000 to \$26,000, it would mean an increase of \$25.20. For people who earn \$41,000 to \$67,000, the plan would mean an increase of \$24.98. And for the top 1 percent, who make more than \$336,000, it would mean an average increase of \$5,862.07.

"It is very middle-class friendly, especially because of the tax holiday," said Dan Gerlach of the Budget & Tax Center. "But it means that the low- and moderate-income workers pay a larger percentage increase than everybody else."

In floor debate last night, Republicans argued that no tax increase is necessary.

"We believe that there are savings still available to prevent us from having to raise taxes," said House Minority Leader Leo Daughtry, R-Johnston. "Until we do our job as legislators, we're doing a disservice to the people by raising taxes."

Daughtry cited a variety of polls that found public opposition to a tax increase. "Over 80 percent of the people consistently say, 'Do not raise my taxes,'" he said.

And he said that savings can still be found by using part of the \$100 million in overhead receipts that the University of North Carolina receives for research projects, by cutting tax breaks for companies in the state's wealthiest counties, by cutting Smart Start or by using part of the state's tobacco settlement to pay for rising health-care costs.

Rep. Art Pope, R-Wake, said that the state shouldn't increase taxes at the same

time that Gov. Mike Easley is asking for \$300 million to hand out to new businesses or when the state still has offices overseas. He added that an economic downturn is the worst time to increase taxes.

Members of a group of eight breakaway Democrats who insisted this week on a retreat from a one-cent sales-tax increase said they were happy with that result in the House plan, but they questioned other parts of the plan and said that more tax loopholes could be closed.

"The biggest thing that we were attacking was the penny sales tax," said Rep. Toby Fitch, D-Wilson. "We would've loved to have closed more loopholes. But this body didn't have the will at this point."

When asked about Senate leaders' resistance to the House plan, Rep. Dan Blue, D-Wake, one of the leaders of the group, replied: "I don't intend to vote for a penny sales tax and put the burden of this crisis on the working families of this state."

Blue questioned how much essential services are jeopardized by the state's budget crunch.

THE 50'S ARE BACK IN DOWNTOWN MOORESVILLE

50's Music with Live D.J.

50¢ Hotdogs
Bob's Grill

Stroll the streets and visit downtown stores for GREAT SALE PRICES

50¢ Ice Cream
Deluxe Ice Cream

SATURDAY, SEPTEMBER 8th
From 1:00 pm til 5:00 pm

\$1.50 Tea & Slice Cheese Pizza
Pie In The Sky

25¢ Coffee
Pat's Coffee Shop

Sponsored by
Mooreville Downtown Commission & Mooreville Savings Bank, SSB

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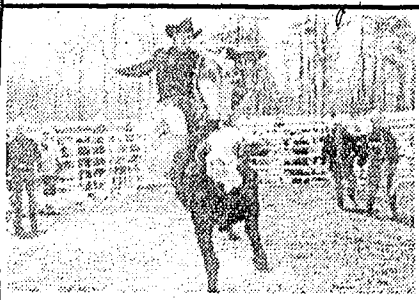
COME TO THE FAIR

SEPTEMBER 3-8

66th Annual Iredell County Agricultural Fair

Iredell County Fairgrounds - Troutman, N.C. (Exit 45 off I-77)

Sponsored by the Statesville Kiwanis Club General Admission \$5⁰⁰ under 6 Free



CHAMPIONSHIP BULL RIDING
Monday, Sept. 3
Tuesday, Sept. 4

WORLD WRESTLING ASSOCIATION COMES TO THE IREDELL COUNTY FAIR!

The WWA will be appearing Sept. 7 & 8 with 2 huge shows. Bell time is 7:30 p.m. both nights



Already signed to appear will be the New School Wrestling Crew consisting of Lumbee, Stick Rick, Willy G and Vale/Manager, Special K and India. PGWA ladies rookie of the year Amber Holly will be there. Mexican superstar Fuego Demente, Rob the Bull McBride, L.A. Wildone, Michael Yamaha, Brad Rains, David Cord and many other stars will be appearing also.

Special matches include a Dog Food Match, an Oklahoma Cowbell Match, a Mixed Tag Match with a guy and girl on each side and a Submission/Pin Match, and others.

Come visit the fun-filled Iredell County Fair and see the best in Sports Entertainment - the WWA.

SCHEDULE OF EVENTS

SUNDAY, SEPTEMBER 2
Entry 2:00 P.M. to 5:00 P.M.

LABOR DAY, MONDAY SEPT. 3

- Entry 8:00 A.M. to 2:00 P.M.
- Racing Pigs
- Gates Open - 5:00 P.M.
- Barnyard Pelling Farm
- 7:00 P.M. - Opening Ceremony
- Championship Bull Riding - 7:30 P.M.
- Ribbon Cutting
- Grand Slam Entertainment

TUESDAY, SEPT. 4 (Wrist Band Nite)

- Judging begins 9:00 A.M.
- Grand Slam Entertainment - All Exhibits
- Open & Junior Dairy
- Gates Open - 5:00 P.M.
- Free Cattle Show - 7:00 P.M.
- Free Admission For All School Children
- Barnyard Pelling Farm
- Best Cattle Show - 5:00 P.M.
- Racing Pigs
- Sheep Show - 6:30 P.M.
- Bull Riding - 7:30 P.M.

WEDNESDAY, SEPT. 5 (Wrist Band Nite)

- Gates Open - 5:00 P.M.
- Grand Slam Entertainment
- Free Admission - All School Children
- Racing Pigs
- Barnyard Pelling Farm

THURSDAY, SEPT. 6

- Junior Dairy Judging
- Racing Pigs Contest - 3:00 P.M.
- Barnyard Pelling Farm
- Gates Open - 5:00 P.M.
- Grand Slam Entertainment
- G-Men Band

FRIDAY, SEPT. 7

- Gates Open - 5:00 P.M.
- Barnyard Pelling Farm
- WWA Wrestling
- Grand Slam Entertainment
- Racing Pigs

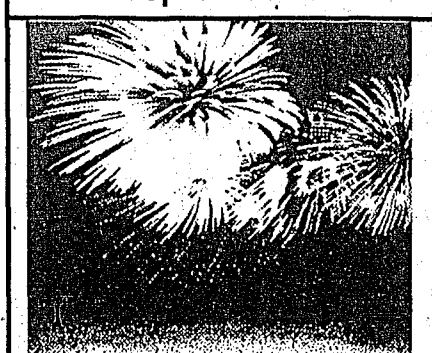
SATURDAY, SEPT. 8

- Gates Open - 12:00 Noon
- Wild Band - 12:00 Noon til 5:00 P.M.
- Barnyard Pelling Farm
- Grand Slam Entertainment
- Racing Pigs
- WWA Wrestling

Racing Pigs
See them every day at the Fair!



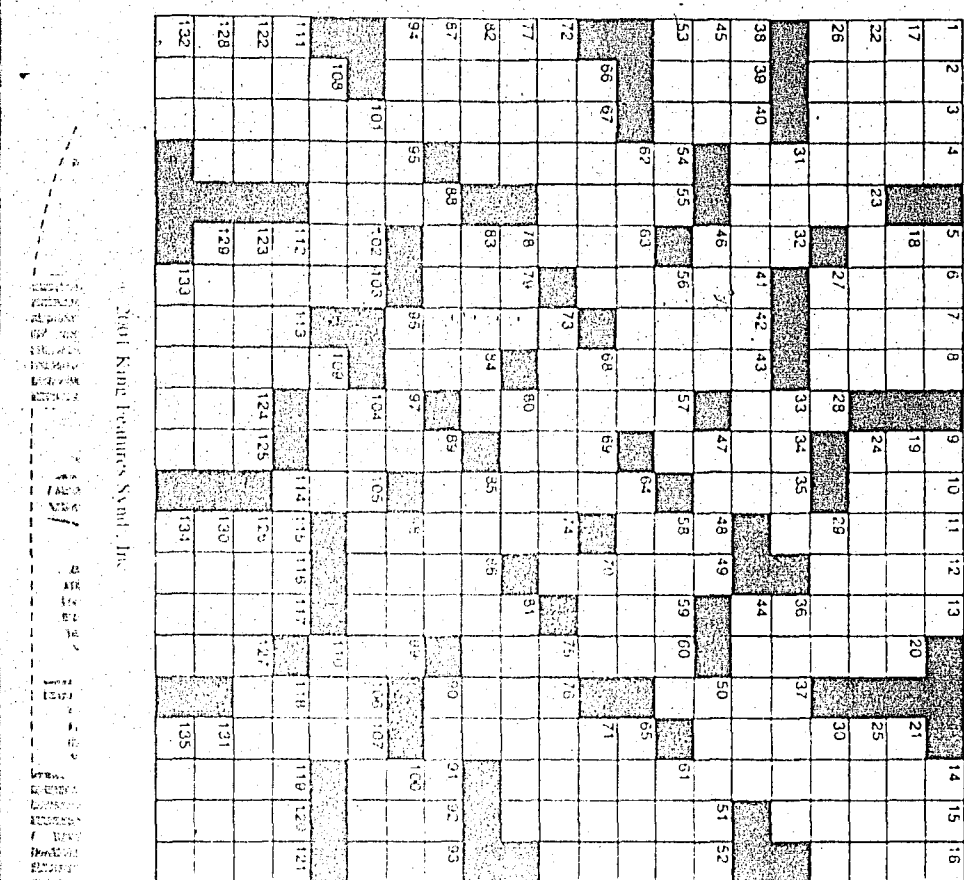
The G-Men Band
Classic Rock/Country
Thursday Night, September 6



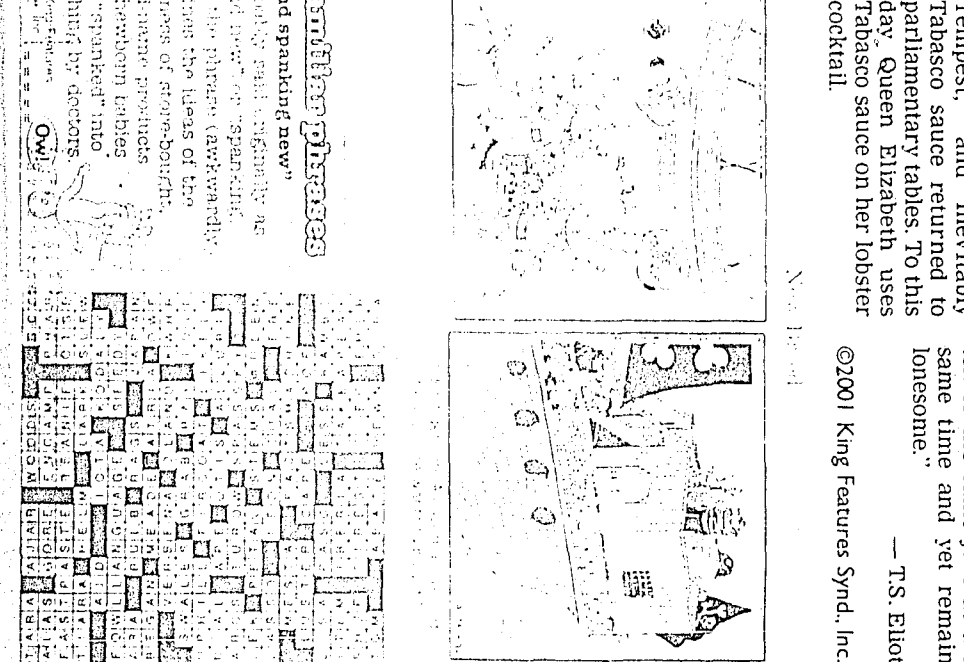
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From 12-5 P.M.
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Super Crossword

SOUNDS LIKE FUN

ACROSS

1. Not quite a...
2. Tiger with a...
3. Club...
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Strange BUT TRUE

By Samantha Weaver

In Japan, you can rent a dog. It costs 500 yen, or about \$4, for a walk around the block.

In 1948, a father and son won Academy Awards for the same movie. The film was "The Treasure of the Sierra Madre," starring Humphrey Bogart, John Huston won the Oscar for Best Director, and his father, Walter Huston, won the award for Best Supporting Actor.

The man who founded Burger King operated the first restaurant at the age of 22, and in 1982, when the British government began an isolationist "Buy British" campaign, Parliament banned the purchase of Tabasco pepper sauce, popular in England since 1868 and available in the House of Commons dining rooms. The resulting protests from members of Parliament were dubbed "The Tabasco Taps." Inevitably, Tabasco sauce returned to parliamentary tables. To this day, Queen Elizabeth uses Tabasco sauce on her lobster cocktail.

There is a medical condition called contagious folliculitis, in which the entire body becomes covered in yellowish, spiky bumps. But you've never seen that one before.

Samuel Morse, inventor of the widely used Morse code, was also a painter. In fact, in his own time he was better known as an artist than as a telegraph pioneer.

Students show that teenagers are 50 percent more susceptible to colds than people over 50.

Thought for the Day

"Television is a medium of entertainment which permits millions of people to listen to the same joke at the same time and yet remain lonesome."

— T.S. Eliot

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- increased child tax credit
- marriage penalty relief

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Preview

Moments in time

From THE HISTORY CHANNEL