

Senate's budget plan relies on deep cuts

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The Republican-controlled Senate's budget takes a double cuts approach to our state's fiscal woes: It relies on deep cuts in spending to close our \$2.4 billion budget shortfall and even deeper cuts to vital state programs due to a nearly \$500 million cut in personal income taxes. GOP Sen. Bob Rucho wasn't kidding when he said the proposal "targets working families." Low- and moderate-income working families, those hit hardest by the economic downturn, stand to lose the most from proposed cuts to early childhood education, community colleges and Medicaid services.

Furthermore, an Institute on Taxation and Economic Policy analysis of the Senate's tax-cut plan found that 66 percent of the benefit from reducing tax rates will go to the richest 20 percent of state taxpayers.

Senate leaders misleadingly call their tax-cut plan a "first step toward modernizing the state's income tax structure." Rather than addressing flaws with the state's narrow personal income tax base, the plan simply reshuffles the order in which deductions and exemptions are taken from total income.

North Carolina simply cannot afford more tax cuts on top of an already severely depressed spending plan. Cutting rates and exempting income from taxation are steps in the wrong direction.

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