

Asheville Citizen Times

New tax proposal causes debate

By Kerra Bolton Fisher, Staff Writer
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RALEIGH - Senate leaders Wednesday introduced a budget proposal that included tax increases on alcohol and tobacco.

Under the Senate proposal, North Carolinians would pay an extra 25 cents on a pack of cigarettes; 18 percent on tobacco products such as snuff; 5 cents on a can of beer; 0.13 percent on wine; and 6 percent on a mixed drink. The taxes increases would raise the \$326.5 million Senate lawmakers say is needed to avoid deep cuts in state government programs and services.

"If we have to choose between cheap alcohol, cheap cigarettes, the education of our people and providing mental health, substance abuse and developmental disability services to our people, then I support alcohol and cigarette taxes," said Sen. Steve Metcalf, D-Buncombe, a chairman of the Senate's education public policy and budget committees. Wednesday's action comes after two days of testimony from education leaders, social service advocates and economic developers who contended the state would be crippled by the cuts proposed in the various budget proposals.

"If you cut \$200 million from the Medicaid budget, it affects rural hospitals in terms of the health care of the citizens and the local economy," Metcalf said. "When you make a \$200 million cut, it's really a \$600 million cut because you lose \$400 million in federal matching grants." But House lawmakers said the 60-60 division between Democrats and Republicans in their chamber makes it impossible for them to pass any tax increases other than the \$384 million included in the House's original budget. "This would be almost a \$2 billion tax increase over the next two years," said Rep. Wilma Sherrill, R-Buncombe, House chairman of the budget conferees. State lawmakers don't have long to reach an agreement. Retail merchants said they needed to know by Friday if the state plans to extend the sales tax increases that were scheduled

to end on July 1. Should lawmakers fail to act, they could lose \$384 million by extending the sales and personal income tax increases. But the delay has personal consequences for Western North Carolina residents like Ebbie Gooch, 68, of Asheville. Gooch is a retired state employee.

About \$273 of the \$400 she receives from the state each month goes to supplemental insurance for her husband, who suffered a stroke earlier this year. Gooch said she favors a lottery to help offset the state's budget deficit. "If they go up on my (state health) insurance anymore, I'm going to lose my home," Gooch said. "All they do is fight without any doggone reason or try to figure out what's best for the people they're representing. I don't mind paying taxes. But I do hate to see a bunch of idiots who are acting like a bunch of bullies in a schoolyard."

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