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## Comparison of Nonprofit Provisions in House and Senate Budget Proposals for FY2023-2025

Revised: April 6, 2023

Issue	House Budget	Senate Budget	Legislative Compromise Budget
<b>Total spending</b>	<ul style="list-style-type: none"> <li>\$29.8 billion in FY 2023-24 and \$30.9 billion in FY 2024-24</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Nonprofit sales tax refunds</b>	<ul style="list-style-type: none"> <li>Preserves nonprofit sales tax refunds but does not convert them to the process to point-of-sale exemption.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Sales tax changes for continuing care retirement communities</b>	<ul style="list-style-type: none"> <li>Creates a sales tax exemption for sales by nonprofit continuing care retirement communities to their resident, excluding alcohol sales and makes a variety of tax law changes to adjust for this sales tax change.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Incentives for charitable giving</b>	<ul style="list-style-type: none"> <li>Does not include any new broad state tax incentives for charitable giving</li> <li>Reinstates the conservation tax credit which could provide a tax incentive for contributions to land conservation nonprofits</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Tax deductions (including charitable deduction)</b>	<ul style="list-style-type: none"> <li>Increases the standard deduction by about 1.9%.</li> <li>Keeps the charitable deduction uncapped.</li> <li>Increases the state child tax deduction by 20% per child</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Tax rates</b>	<ul style="list-style-type: none"> <li>Reduces individual income tax rate from 4.6% to 4.5% in .2024,</li> <li>Otherwise, maintains existing plans to reduce individual income tax rates in upcoming years.</li> <li>Reduces the franchise tax, a tax on many businesses in the state, over</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

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	<p>the next five years. Nonprofits are fully exempt from paying franchise tax.</p> <ul style="list-style-type: none"> <li>Overall, the income tax changes are projected to reduce state revenue by about \$488 million over the next two years and the franchise tax reductions are projected to reduce state revenue by an additional \$49 million in FY2024-25.</li> </ul>		
<b>Nonprofit salaries</b>	<ul style="list-style-type: none"> <li>Includes a requirement that nonprofits may not spend more than \$140,000 per year in state funds on any individual's salary. This salary cap has been set at \$120,000 since 2015, and this provision would adjust the amount for inflation.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Disbursement of grants and appropriations to nonprofits</b>	<ul style="list-style-type: none"> <li>Provides that one-time state grants and appropriations to nonprofits of \$100,000 or less may be disbursed as a single payment and that larger grants or appropriations may be disbursed as monthly or quarterly payments.</li> <li>Requires state agencies to pay out these grants or appropriations as soon as possible and no later than 100 days after the state budget is enacted.</li> <li>One-time funds to nonprofits do not revert to the state (if unused) until June 30, 2026.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Unexpended grants</b>	<ul style="list-style-type: none"> <li>Provides that nonprofits that have not spent the full amount of their direct appropriations from the FY 2021-23 budget or from American Rescue Plan Act funds by June 30, 2023 do not need to return these funds to the state.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Electronic signatures</b>	<ul style="list-style-type: none"> <li>Requires the General Statutes Commission to study removing state law requirements for pen-</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

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	<p>and-ink signatures. Many nonprofits find that pen-and-ink signature requirements can slow down the process of signing state contracts.</p>		
<b>Nonprofit earmarks</b>	<ul style="list-style-type: none"> <li>Includes a variety of appropriations for specific nonprofits.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Competitive grants for nonprofits through the N.C. Department of Health and Human Services (DHHS)</b>	<ul style="list-style-type: none"> <li>Makes no changes to the reporting requirements in the current state budget</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Free and charitable clinics</b>	<ul style="list-style-type: none"> <li>Provides \$11 million in one-time funds (over two years) to free and charitable clinics.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Smart Start</b>	<ul style="list-style-type: none"> <li>Requires 19% matching funds for local Smart Starts.</li> <li>Limits administrative costs (statewide) for partnerships for children to 9% of total funding.</li> <li>Provides \$5 million per year (\$10 million over the biennium) in additional recurring funding for Smart Starts. These additional funds are not subject to administrative cost or matching fund requirements.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Child care and early childhood</b>	<ul style="list-style-type: none"> <li>Increases the child care subsidy by using the 2021 market rate study rather than the 2018 study to set rates.</li> <li>Provides \$1.8 million in one-time funding to establish the Tri-Share Child Care pilot program as a public-private partnership between the NC Department of Health and Human Services and the nonprofit NC Partnership for Children. The pilot program would seek to improve access to affordable, high quality child care</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

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	<p>for working families – including nonprofit workers – by splitting the costs of child care equally between employers, employees, and the state.</p> <ul style="list-style-type: none"> <li>• Makes far fewer investments in child care and early childhood programs than nonprofit advocates are seeking.</li> </ul>		
<p><b>Health and human service nonprofits</b></p>	<ul style="list-style-type: none"> <li>• Provides \$850,000 in one-time funding to the NC Community Health Center Association.</li> <li>• Implements a new reimbursement structure for Federally Qualified Health Centers and Rural Health Clinics and increases annual appropriations by \$5 million per year (\$10 million over the biennium) to adjust for the new reimbursement structure.</li> <li>• Provides \$12.5 million each year (\$25 million over the biennium) in one-time funding for rural hospitals, most of which are nonprofits.</li> <li>• Provides \$75,000 per year (\$150,000 over the biennium) in new funding for North Carolina Association of People Supporting Employment.</li> <li>• Provides \$200,000 per year (\$400,000 over the biennium) in one-time funding for the NC Dental Society.</li> <li>• Provides \$3.75 million in one-time funding for Boys and Girls Clubs.</li> <li>• Provides \$1.8 million in one-time funding for Transitions Life Care.</li> <li>• Provides \$4.125 million in one-time funding for Hope Center Ministries.</li> <li>• Provides \$15 million in one-time funding for the Katie Blessing Foundation.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

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	<ul style="list-style-type: none"> <li>• Provides \$750,000 in one-time funding for UMAR Services.</li> <li>• Provides \$250,000 per year in additional recurring funding (\$500,000 over the biennium) plus \$250,000 in one-time funding for Youth Villages.</li> <li>• Provides \$2.7 million in one-time funding for Wilkes Recovery Revolution.</li> </ul>		
<b>Pregnancy care nonprofits</b>	<ul style="list-style-type: none"> <li>• Provides \$6.25 million per year ((\$12.5 million over the biennium) in recurring funding to the Carolina Pregnancy Care Fellowship to support crisis pregnancy centers.</li> <li>• Provides \$5 million per year (\$10 million over the biennium) to the Human Coalition.</li> <li>• Prohibits state agencies from contracting with nonprofits or other entities that provide abortions.</li> </ul>	•	•
<b>Children’s advocacy centers</b>	<ul style="list-style-type: none"> <li>• Provides \$3 million per year (\$6 million over the biennium) in additional funding to Children’s Advocacy Centers of North Carolina.</li> </ul>	•	•
<b>Arts ,cultural, and science nonprofits</b>	<ul style="list-style-type: none"> <li>• Provides \$3.5 million per year in additional recurring funding (\$7 million over the biennium) for grassroots arts programs. This funding would only be available to arts organizations in the 80 Tier 1 or Tier 2 counties in North Carolina (excluding most urban parts of the state).</li> <li>• Provides \$394,000 per year in additional recurring funding (\$788,00 over the biennium) and \$4 million in additional one-time funding for the NC Symphony.</li> <li>• Provides \$4 million in one-time funding to the Carolina Ballet.</li> </ul>	•	•

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<b>Legal services nonprofits</b>	<ul style="list-style-type: none"> <li>Provides \$300,000 per year (\$600,000 over the biennium) in additional recurring funding for the NC Legal Education Assistance Foundation.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Educational nonprofits</b>	<ul style="list-style-type: none"> <li>Provides \$2.5 million per year (\$5 million over the biennium) in one-time funding for the Graduation Alliance.</li> <li>Provides \$850,000 per year (\$1.7 million over the biennium) in new recurring funding plus \$500,000 in one-time funding for the Center for Safer Schools.</li> <li>Provides \$1 million per year in additional recurring funding, starting in FY 2024-25 for Communities in Schools of North Carolina and adds new reporting requirements for Communities in Schools of North Carolina.</li> <li>Provides \$500,000 per year (\$1 million over the biennium) in additional recurring funding for Beginnings for Parents of Children Who Deaf or Hard of Hearing.</li> <li>Provides \$500,000 per year (\$1 million over the biennium) in one-time funding for NC's Eastern Alliance Coalition.</li> <li>Provides \$350,000 in one-time funding for the Clarence Henderson Education Foundation.</li> <li>Provides \$25 million per year in additional recurring funding, starting in FY 2024-25 for the Opportunity Scholarship program, which provides financial assistance for families with children in nonprofit private K-12 school and allows schools accepting Opportunity Scholarships the opportunity to use cash-based accounting.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

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	<ul style="list-style-type: none"> <li>• Provides \$500,000 in one-time funding for Children and Parent Resource Group.</li> <li>• Provides \$1 million in one-time funding to High Point University.</li> <li>• Provides \$19.5 million in one-time funding for the NC Independent Colleges and Universities.</li> <li>• Provides \$500,000 in one-time funding for the University of Mount Olive.</li> </ul>		
<b>Economic development nonprofits</b>	<ul style="list-style-type: none"> <li>• Provides \$1 million per year in additional recurring funding (\$2 million over the biennium) plus \$2 million in one-time funding to the NC Biotechnology Center.</li> <li>• Provides \$1.5 million per year (\$3 million over the biennium) plus \$5 million in one-time funding to the National Institute of Minority Economic Development.</li> <li>• Provides \$12 million in one-time funding to the I95/I40 Crossroads of America Economic Development Alliance.</li> <li>• Provides \$60 million in additional one-time funding for the Economic Development Partnership of North Carolina.</li> <li>• Provides \$50 million in additional one-time funding for NC Innovation, Inc.</li> <li>• Provides \$35 million in additional one-time funding to the Golden LEAF Foundation for various programs.</li> <li>• Removes a requirement that the Golden LEAF Foundation must consult with the NC General Assembly on the organization's annual budget.</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<b>NC Council for Women and Youth Involvement</b>	<ul style="list-style-type: none"> <li>• Provides funding for an upgrade to the grants management system and for an additional grants</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

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	management position. This may help nonprofits that receive state grants and contracts through the agency.		
<b>Volunteer fire departments</b>	<ul style="list-style-type: none"> <li>Provides \$5 million in one-time funding.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Elections provisions</b>	<ul style="list-style-type: none"> <li>Prohibits the NC State Board of Election and local boards of elections from receiving contributions from nonprofits to assist with their elections operations.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Parks and trail programs</b>	<ul style="list-style-type: none"> <li>Provides \$25 million in one-time funding for the Great Trails Program.</li> <li>Provides \$8 million in one-time funding for the Complete the Trails grants program.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<b>Various other nonprofit appropriations</b>	<ul style="list-style-type: none"> <li>Provides \$1.5 million in one-time funding for WonderSchool.</li> <li>Provides \$512,000 in one-time funding for the NC Christmas Tree Association.</li> <li>Provides \$100,000 in one-time funding for the NC Cattleman's Association.</li> <li>Provides \$500,000 in one-time funding for the NC Grange Mutual Insurance Company.</li> <li>Provides \$7.5 million in one-time funding to the NC Coastal Federation.</li> <li>Provides \$750,000 per year (\$1.5 over the biennium) in one-time funding for the NC Association of Chiefs of Police.</li> <li>Provides \$1.5 million per year (\$3 million over the biennium) for the Campbell University Second Chance Initiative.</li> <li>Provides \$30 million in one-time funding for the NC Sports Legacy Foundation.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>



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	<ul style="list-style-type: none"> <li>• Provides \$200,000 per year (\$400,000 over the biennium) in new recurring funding for the NC Technology Association.</li> <li>• Provides \$1.5 million in one-time funding for Military Missions in Action.</li> <li>• Provides \$200,000 per year (\$400,000 over the biennium) in one-time funding for Professional Engineers of North Carolina.</li> <li>• Provides \$30 million in one-time funding for NC SAVES Green Community Program for electric vehicle charging stations.</li> <li>• Provides \$250,000 per year (\$500,000 over the biennium) in one-time funding for Now Serving.</li> <li>• Provides \$7.5 million in one-time funding for the CAGC Foundation.</li> <li>• Provides \$1 million in one-time funding for NC Resource Conservation and Development Association.</li> <li>• Provides \$20 million in one-time funding for EmitBio.</li> <li>• Provides \$500,000 in one-time funding for NC Amateur Sports.</li> <li>• Provides \$225,000 in one-time funding for the Tobacco Farm Life Museum.</li> <li>• Provides \$4 million in one-time funding for Carolinas AGC.</li> <li>• Creates a challenge grant program for the Veterans Life Center.</li> <li>• Provides \$2 million per year (\$4 million over the biennium) in one-time funding for the NC Future Farmers of America.</li> </ul>		