



Legislative Bulletin

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The Weekly Recap

WHAT HAPPENED: Legislative leaders made clear this week that the budget would have to wait yet another month. "At this point, you're talking about a September date for actual passage — signing into law and all of that. I think you should have significant progress made in the next couple of weeks, so you have a pretty good idea of what it's going to be," Speaker Tim Moore [told WUNC](#).

WHAT IT MEANS: With the budget at a standstill, most other legislative activity has slowed down as well. Stay tuned to the Bulletin for updates as they become available.

ON TAP: Outside of the General Assembly, our cities continue to march ahead, and we are glad this week to feature a story on the optimistic outlook in Spring Lake. Also included are updates on state revenue and Treasury guidance as it relates to the American Rescue Plan.

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- State Revenue Numbers
- Additional ARPA Guidance: Added Flexibility for Metro Cities

Spring Lake, LGC Reverse Crisis

The Town of Spring Lake has been in news for the wrong reasons in recent years, but an article in this week's Fayetteville Observer shows that a new mayor and council are making a difference. Spring Lake's finances were taken over by the state Local Government Commission (LGC) in the fall of 2021 due to financial mismanagement.

With the assistance of the LGC, Mayor Kia Anthony, the town council and new staff have reversed the crisis, and the town could come out from under state control next year. In an interview with the newspaper, Mayor Anthony said, "We're creating that path... We've created that path forward. We haven't made it 100% out of the woods. But we're there."

The full interview is published [here](#).

State Revenue Numbers

The latest revenue numbers from the state show both good news and bad news. [The Center Square reports](#) that, in total, state revenues for the previous fiscal year came in at \$33.5 billion, which is 10 percent more than was projected in the certified budget. The figure, though, was about \$89 million less than a consensus forecast from just three months ago. The figures comes from the Office of State Budget and Management and the General's Assembly's Fiscal Research Division. A 4.6 percent decline in individual incomes taxes for the year was primarily a result of cuts in the tax rate, as it declined from 4.99 percent in 2021-22 to 4.75 percent in 2022-23, saving taxpayers \$805 million. Roughly 82 percent of general state revenue now comes from individual income taxes and sales taxes. Read more [here](#).

New ARPA Guidance

Important Updates for All Municipalities; Additional Flexibility for Cities Spending Over \$10 Million in ARPA Funds

In December 2022, the U.S. Congress granted some additional flexibility for projects that could be funded using State and Local Fiscal Recovery Funds (SLFRF) distributed through the American Rescue Plan (ARP). This week, the U.S. Treasury released interim regulation providing more details on this flexibility.

Two important points: First, this new interim regulation does not change any of the previous rules regarding expenditure of ARP/SLFRF. Second, **those municipalities receiving under \$10 million in Local Fiscal Recovery Funds (LFRF) will still be best served by utilizing Revenue Replacement to expend funds on government services.** This new flexibility will be most useful for local governments who have received in excess of \$10 million in LFRF.

For those governments, [this overview guide](#) is a helpful introduction to the new flexibility. The regulation is currently in an interim stage and may be revised based on feedback, but local governments can make decisions now based on the current guidance. The League has a wide variety of services available to assist with all aspects of the American Rescue Plan, be it projects directly funded by ARP or by the financial flexibility ARP funds provided. We have in-house staff that can provide general technical assistance and cybersecurity services, as well as partnerships that can provide specific assistance in areas like legal consultation, grant writing and management, and accounting services and software conversion.

To learn more please contact us at arp@nclm.org or 919-715-3945.



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