



Comparison of Nonprofit Provisions in Full State Budget and “Mini-Budget” Bills for FY2019-2021

Revised: November 7, 2019

Issue	Legislative Compromise Budget	Mini-Budgets (Enacted)	Mini-Budgets (Pending)
Bill number(s)	<ul style="list-style-type: none"> H.B. 966 	<ul style="list-style-type: none"> H.B. 961, H.B. 609, H.B. 226, H.B. 777, H.B. 126, H.B. 75, S.118, S.429, H.B. 1001, H.B. 387, H.B. 100, S.61, H.B. 399, H.B. 111 	<ul style="list-style-type: none"> H.B. 555 (vetoed), H.B. 231, H.B. 377, H.B. 398, S. 354, H.B. 557, S.578
Total spending	<ul style="list-style-type: none"> \$24.0 billion in FY 2019-20 and \$24.8 billion in FY 2020-21 	<ul style="list-style-type: none"> \$23.9 billion in FY 2019-20 and \$24.0 billion in FY 2020-21 in H.B. 111 Actual spending may be slightly higher when other “mini-budget” bills are added to this total. 	<ul style="list-style-type: none"> To be determined.
Nonprofit sales tax refunds	<ul style="list-style-type: none"> Preserves nonprofit tax exemption. 	<ul style="list-style-type: none"> Preserves nonprofit tax exemption. 	<ul style="list-style-type: none"> Preserves nonprofit tax exemption.
Incentives for charitable giving	<ul style="list-style-type: none"> Restores IRA charitable rollover on state taxes. 	<ul style="list-style-type: none"> Restores IRA charitable rollover on state taxes. 	<ul style="list-style-type: none"> No additional changes needed.
Tax deductions (including charitable deduction)	<ul style="list-style-type: none"> Increases the standard deduction (or zero tax bracket) by 3.5%. Keeps the charitable deduction uncapped. 	<ul style="list-style-type: none"> No changes. 	<ul style="list-style-type: none"> Increases the standard deduction (or zero tax bracket) by 3.5%. Keeps the charitable deduction uncapped.
Tax rates	<ul style="list-style-type: none"> Reduces franchise tax rates for businesses. Nonprofits would remain exempt from franchise tax. Franchise tax reduction would reduce state revenue, which could necessitate funding cuts or new taxes for some nonprofits. 	<ul style="list-style-type: none"> No changes. 	<ul style="list-style-type: none"> Reduces franchise tax rates for businesses. Nonprofits would remain exempt from franchise tax. Franchise tax reduction would reduce state revenue, which could necessitate funding cuts or new taxes for some nonprofits.
Nonprofit salaries	<ul style="list-style-type: none"> Includes a requirement that nonprofits may not spend more than \$120,000 per year in state funds on any individual’s salary. 	<ul style="list-style-type: none"> No limitations on nonprofit salaries. 	<ul style="list-style-type: none"> No limitations on nonprofit salaries.
Nonprofit earmarks	<ul style="list-style-type: none"> Includes more than \$117 million in earmarked appropriations for 	<ul style="list-style-type: none"> No earmarks for nonprofits. 	<ul style="list-style-type: none"> Includes a \$20 million earmark (over two years) for a

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	207 nonprofits in key legislative districts.		cybersecurity center at a private nonprofit college. <ul style="list-style-type: none"> No other earmarks for nonprofits.
Competitive grants for nonprofits through the N.C. Department of Health and Human Services (DHHS)	<ul style="list-style-type: none"> Makes no changes. Identifies recipients for these grants for FY2019-20 and resumes a competitive grants program for FY2020-21. 	<ul style="list-style-type: none"> Makes no changes. Without further changes, DHHS would have a competitive grant process for FY2019-20 rather than providing grants to recipients named in the budget legislation. 	<ul style="list-style-type: none"> Makes no changes. A separate bill (S.419) would identify four of the recipients of these grants for FY2019-20.
Medicaid expansion	<ul style="list-style-type: none"> Not included in budget proposal. Provision encourages Governor Cooper to call an extra session to consider issues around access to health care, including Medicaid expansion and association health plans. 	<ul style="list-style-type: none"> Not included. 	<ul style="list-style-type: none"> Not included.
Government contracting with nonprofits	<ul style="list-style-type: none"> Requires DHHS to create a workgroup to develop solutions to duplicative administrative requirements for mental health, substance use disorder, and intellectual/developmental disability providers. 	<ul style="list-style-type: none"> Not included. 	<ul style="list-style-type: none"> Not included.
North Carolina 2-1-1	<ul style="list-style-type: none"> Provides \$250,000 in recurring funding for the statewide 2-1-1 system which connects North Carolinians to nonprofits and other local service providers during disasters and other emergencies. 	<ul style="list-style-type: none"> No new funding. 	<ul style="list-style-type: none"> No new funding. Legislators are still considering separate disaster recovery legislation that would include \$250,000 per year for the statewide 2-1-1- system.
Smart Start	<ul style="list-style-type: none"> Provides \$392,654 in recurring funding for child care subsidies. Provides \$1,400,000 per year in additional child care related funding. Provides \$300,000 per year in additional family support funding. Provides \$300,000 per year in additional child health funding. Requires 19% matching funds for local Smart Starts. 	<ul style="list-style-type: none"> No increased funding. 	<ul style="list-style-type: none"> No increased funding.

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DHHS relocation	<ul style="list-style-type: none"> • Would relocate DHHS operations from Wake County to Granville County. This could remove continuity in services and staffing for the hundreds of nonprofits that contract with DHHS to provide services to North Carolinians. 	<ul style="list-style-type: none"> • Not included. 	<ul style="list-style-type: none"> • Not included.
DHHS funding cuts	<ul style="list-style-type: none"> • \$42 million in recurring funding cuts for DHHS in FY2020-21, half of which would be replaced with one-time money for that fiscal year. 	<ul style="list-style-type: none"> • No funding cuts for DHHS. 	<ul style="list-style-type: none"> • If H.B. 555 is enacted and H.B. 966 is not enacted, there would be no funding cuts for DHHS. • However, if both H.B. 555 and H.B. 966 are enacted, there would be \$42 million in recurring funding cuts for DHHS in FY2020-21, half of which would be replaced with one-time money for that fiscal year.
Medicaid transformation	<ul style="list-style-type: none"> • Provides funding mechanisms and enabling legislation for the state's transition of Medicaid to a managed care system. 	<ul style="list-style-type: none"> • Funding and enabling language for Medicaid transformation is not included. 	<ul style="list-style-type: none"> • H.B. 555, which was vetoed by Governor Cooper, includes funding and enabling language for Medicaid transformation.
Certificate of need	<ul style="list-style-type: none"> • Makes no changes to certificate of need laws. 	<ul style="list-style-type: none"> • Makes no changes to certificate of need laws. 	<ul style="list-style-type: none"> • Makes no changes to certificate of need laws.
Child advocacy centers	<ul style="list-style-type: none"> • Provides \$500,000 in additional one-time funding for FY2019-20, but none for FY2020-21. 	<ul style="list-style-type: none"> • No increased funding. 	<ul style="list-style-type: none"> • No increased funding.
Arts and cultural grants	<ul style="list-style-type: none"> • Provides \$1,350,000 in additional one-time funding for grassroots arts grants (\$500,000 in FY2019-20 and \$850,000 in FY2020-21) in Tier 1 and Tier 2 counties and Tier 3 counties with population under 130,000. 	<ul style="list-style-type: none"> • No increased funding. 	<ul style="list-style-type: none"> • No increased funding.
Nonprofit science museums	<ul style="list-style-type: none"> • Provides a \$675,000 in one-time increase in grants to science museums for each year of the biennium. Increased funding is only available to science museums in Tier 1 or Tier 2 counties or Tier 3 counties with populations below 130,000. 	<ul style="list-style-type: none"> • No increased funding. 	<ul style="list-style-type: none"> • No increased funding.
Domestic violence grants	<ul style="list-style-type: none"> • Requires the N.C. Council for Women to report to legislators 	<ul style="list-style-type: none"> • No changes. 	<ul style="list-style-type: none"> • No changes.

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	<p>about domestic violence grants within five days of when they are distributed.</p> <ul style="list-style-type: none"> Provides \$5,000 in funding for an improved grants management system. 		
Grants to educational nonprofits	<ul style="list-style-type: none"> Provides funding for grants to several nonprofits providing educational services. 	<ul style="list-style-type: none"> Provides funding for grants to certain nonprofits for school safety programs. 	<ul style="list-style-type: none"> No new funding for nonprofits.
2020 Census	<ul style="list-style-type: none"> Provides no state funding. 	<ul style="list-style-type: none"> Provides no state funding 	<ul style="list-style-type: none"> Provides no state funding.
Disbursement of grants and appropriations to nonprofits	<ul style="list-style-type: none"> 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. Requires state agencies to pay out these grants or appropriations as soon as possible and no later than September 15, 2019. 	<ul style="list-style-type: none"> For recurring grants and appropriations to nonprofits and those included in the enacted “mini-budget” bills, there is a provision 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. 	<ul style="list-style-type: none"> For grants and appropriations included in these pending “mini-budget” bills to nonprofits, there is a provision 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.
Disaster relief	<ul style="list-style-type: none"> Creates a one-time, \$1 million grant program through the NC Department of Public Safety for “volunteer organizations” that provide disaster recovery services. Provides \$4.5 million to the Golden LEAF Foundation for grants for local governments and nonprofits for infrastructure repairs due to hurricane damage. 	<ul style="list-style-type: none"> Creates a one-time, \$1 million grant program through the NC Department of Public Safety for “volunteer organizations” that provide disaster recovery services. Provides \$4.5 million to the Golden LEAF Foundation for grants for local governments and nonprofits for infrastructure repairs due to hurricane damage. 	<ul style="list-style-type: none"> No additional support. Legislators are still considering separate disaster recovery legislation that would provide an additional \$15 million to \$20 million to the Golden LEAF Foundation for grants for local governments and nonprofits for infrastructure repairs due to hurricane damage.
Affordable housing grants	<ul style="list-style-type: none"> Creates \$2.5 million matching grants program for nonprofits planning and constructing affordable housing. 	<ul style="list-style-type: none"> No new funding. 	<ul style="list-style-type: none"> No new funding.