

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

Revised: May 18, 2023

Issue	House Budget	Senate Budget	Legislative Compromise Budget
Total spending	• \$29.8 billion in FY 2023-24 and \$30.9 billion in FY 2024-24	• \$29.8 billion in FY 2023-24 and \$30.9 billion in FY 2024-24	•
Nonprofit sales tax refunds	Preserves nonprofit sales tax refunds but does not convert them to the process to point-of-sale exemption.	Preserves nonprofit sales tax refunds but does not convert them to the process to point-of-sale exemption.	•
Sales tax changes for continuing care retirement communities	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.	Makes no change to sales tax laws affecting nonprofit continuing care retirement communities.	•
Incentives for charitable giving	 Does not include any new broad state tax incentives for charitable giving. Reinstates the conservation tax credit which could provide a tax incentive for contributions to land conservation nonprofits. 	 Does not include any new broad state tax incentives for charitable giving. Does not reinstate the conservation tax credit. 	•
Tax deductions (including charitable deduction)	 Increases the standard deduction by about 1.9%. Keeps the charitable deduction uncapped. Increases the state child tax deduction by 20% per child 	 Makes no changes to the standard deduction and state child tax deduction. Keeps the charitable deduction uncapped. 	•
Tax rates	 Reduces individual income tax rate from 4.6% to 4.5% in 2024. Otherwise, maintains existing plans to reduce individual income tax rates in upcoming years. Reduces the franchise tax, a tax on many businesses in the state, over 	Reduces the individual income tax rate from 4.6% to 4.5% in 2024, from 4.5% to 3.99% in 2025, from 4.25% to 3.99% in 2026, from 3.99% to 3.5% in 2027, from 3.99% to 3.25% in 2028, from	•

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	the next five y ears. Nonprofits are fully exempt from paying franchise tax. 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.	 3.99% to 2.99% in 2029, and from 3.99% to 2.49% starting in 2030. Makes no changes to franchise tax rates. Overall, the income tax rate changes are projected to reduce state revenue by about \$1.2 billion over the next two years. Once the income tax rate goes down to 2.49%, state revenue is projected to drop by \$7.1 billion per year. 	
Nonprofit salaries	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.	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.	•
Disbursement of grants and appropriations to nonprofits	 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 100 days after the state budget is enacted. One-time funds to nonprofits do not revert to the state (if unused) until June 30, 2026. 	 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 100 days after the state budget is enacted. One-time funds to nonprofits do not revert to the state (if unused) until June 30, 2026. 	
Unexpended grants	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.	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.	•
Electronic signatures	Requires the General Statutes Commission to study removing state law requirements for pen-	Requires the General Statutes Commission to study removing state law requirements for pen-	•

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	and-ink signatures. Many nonprofits find that pen-and-ink signature requirements can slow down the process of signing state contracts.	and-ink signatures. Many nonprofits find that pen-and-ink signature requirements can slow down the process of signing state contracts.	
Lobbying fees	Makes no changes.	Doubles the fees for registered lobbyists and lobbyist principals from \$250 per year to \$500 per year. This could create additional expenses for nonprofit that lobby.	•
Nonprofit earmarks	Includes a variety of appropriations for specific nonprofits.	 Includes a variety of appropriations for specific nonprofits. 	•
Competitive grants for nonprofits through the N.C. Department of Health and Human Services (DHHS)	Makes no changes to the reporting requirements in the current state budget	 Eliminates the competitive grant program for nonprofits through DHHS. Provides direct appropriations for a few of the nonprofits that typically receive grant funding through this program 	•
Free and charitable clinics	Provides \$11 million in one-time funds (over two years) to free and charitable clinics.	Provides \$30 million in one-time funds over two years (\$15 million per year) to free and charitable clinics.	•
Smart Start	 Requires 19% matching funds for local Smart Starts. Limits administrative costs (statewide) for partnerships for children to 9% of total funding. 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. 	 Requires 19% matching funds for local Smart Starts. Limits administrative costs (statewide) for partnerships for children to 10% of total funding. Provides \$1.5 million per year (\$3 million over the biennium) in one-time funding for Smart Starts for the Dolly Parton's Imagination Library program. Does not provide additional recurring funding for Smart Starts. 	•
Child care and early childhood	 Increases the child care subsidy by using the 2021 market rate study rather than the 2018 study to set rates. Provides \$1.8 million in one-time funding to establish the Tri-Share Child Care pilot program as a public-private partnership 	 Does not increase the child care subsidy, although this was included in a separate bill that has been enacted into law. Does not include funds for the Tri-Share Child Care pilot program. Makes far fewer investments in child care and early childhood 	•

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	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 for working families – including nonprofit workers – by splitting the costs of child care equally between employers, employees, and the state. • Makes far fewer investments in child care and early childhood programs than nonprofit advocates are seeking.	programs than nonprofit advocates are seeking.	
Nonprofit hospitals	Makes no major changes.	 Requires urban hospitals, most of which are nonprofits, to enter into agreements with the State Health Plan to reduce costs by \$125 million per year. Urban hospitals that don't enter into this agreement would lose their license to operate. Repeals many of the state's certificate of need laws that Makes it easier for government-run hospitals to acquire nonprofit hospitals. 	•
Health and human service nonprofits	 Provides \$850,000 in one-time funding to the NC Community Health Center Association. 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. Provides \$12.5 million each year (\$25 million over the biennium) in one-time funding for rural hospitals, most of which are nonprofits. 	 Provides \$1.7million per year (\$3.4 million over the biennium) in one-time funding to the NC Community Health Center Association. Provides \$600,000 per year (\$1.2 million over the biennium) in one-time funding for the Mt. Calvary Center for Leadership Development. Provides \$200,000 per year (\$400,000 over the biennium) in one-time funding for the NC Dental Society. Provides \$3 million in one-time funding for Boys and Girls Clubs. 	

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	 Provides \$75,000 per year (\$150,000 over the biennium) in new funding for North Carolina Association of People Supporting Employment. Provides \$200,000 per year (\$400,000 over the biennium) in one-time funding for the NC Dental Society. Provides \$3.75 million in one-time funding for Boys and Girls Clubs. Provides \$1.8 million in one-time funding for Transitions Life Care. Provides \$4.125 million in one-time funding for Hope Center Ministries. Provides \$15 million in one-time funding for the Katie Blessing Foundation. Provides \$750,000 in one-time funding for UMAR Services. Provides \$250,000 per year in additional recurring funding (\$500,000 over the biennium) plus \$250,000 in one-time funding for Youth Villages. Provides \$2.7 million in one-time funding for Wilkes Recovery Revolution. Provides \$250,000 per year in additional recurring funding (\$500,000 over the biennium) to Special Olympics North Carolina. Provides \$1 million in one-time funding the Community Foundation of North Carolina East. 	 Provides \$7.5 million in one-time funding for the Tammy Lynn Center. Provides \$6.5 million in one-time funding for Good Hope Hospital. Provides \$6 million per year (\$12 million over the biennium) in one-time funding for Watauga Medical Center. Provides \$6 million in one-time funding for Tree House Recovery Facility. Provides \$2 million in one-time funding for TROSA. Provides \$1.4 million in one-time funding for Johnston Health Enterprises. Provides \$12 million in one-time funding for Coastal Horizons. Provides \$3.75 million per year (\$7.5 million over the biennium) in one-time funding for YMCAs. Provides \$550,000 per year (\$1.1 million over the biennium) in one-time funding for SAIL Initiative, Inc. Eliminates \$100,000 per year in recurring funding from the NC Harm Reduction Coalition. Provides \$250,000 per year in additional one-time funding (\$500,000 over the biennium) to Special Olympics North Carolina. 	
Pregnancy care nonprofits	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.	 Provides \$12 million in one-time funding to the Carolina Pregnancy Care Fellowship to support crisis pregnancy centers. Codifies a provision that prohibits the state from contracting nonprofits or other entities that perform abortions for family 	•

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	 Provides \$5 million per year (\$10 million over the biennium) to the Human Coalition. Prohibits state agencies from contracting with nonprofits or other entities that provide abortions. 	planning services, pregnancy prevention, or adolescent parenting services.	
Children's advocacy centers	Provides \$3 million per year (\$6 million over the biennium) in additional funding to Children's Advocacy Centers of North Carolina.	Provides no new funding.	•
Food security nonprofits	Provides no new funding.	 Provides \$6.1 million per year (\$12.2 million over the biennium) in one-time funding to food banks, including \$100,000 per year for administrative costs. Provides \$2 million per year (\$4 million over the biennium) in one- time funding for the NC Food Hub Collaborative. 	•
Arts ,cultural, and science nonprofits	 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). 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. Provides \$4 million in one-time funding to the Carolina Ballet. 	 Provides \$1.5 million per year in additional recurring funding (\$3 million over the biennium) for grassroots arts programs. This funding would only be available to arts organizations in 96 counties (excluding Buncombe, Durham, Mecklenburg, and Wake counties). 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. 	
Legal services nonprofits	Provides \$300,000 per year (\$600,000 over the biennium) in additional recurring funding for the NC Legal Education Assistance Foundation.	Provides \$300,000 per year (\$600,000 over the biennium) in additional recurring funding for the NC Legal Education Assistance Foundation.	•

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Educational nonprofits	 Provides \$2.5 million per year (\$5 million over the biennium) in one-time funding for the Graduation Alliance. 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. 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 and recurring funding for Beginnings for Parents of Children Who Deaf or Hard of Hearing. 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. Provides \$500,000 per year (\$1 million over the biennium) in one-time funding for NC's Eastern Alliance Coalition. Provides \$350,000 in one-time funding for the Clarence Henderson Education Foundation. 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 to use cash-based accounting. Provides \$500,000 in one-time funding for Children and Parent Resource Group. Provides \$1 million in one-time funding to High Point University. 	 Provides \$7 million per year in one-time funding (\$14 million over the biennium) to SparkNC. Provides \$1 million per year in additional recurring funding, starting in FY 2024-25 for Communities in Schools of North Carolina. 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. Provides \$500,000 per year (\$1 million over the biennium) in one-time funding for Muddy Sneakers. Provides \$400,000 per year (\$800,000 over the biennium) in one-time funding for NC Hospitality Education Foundation. Provides \$250,000 per year (\$500,000 over the biennium) in one-time funding for Best Buddies International. 	

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	 Provides \$19.5 million in one-time funding for the NC Independent Colleges and Universities. Provides \$500,000 in one-time funding for the University of Mount Olive. 		
Opportunity Scholarships	Increases funding for this scholarship program for students at private (mostly nonprofit) K-12 schools, starting in FY2025-26.	Significantly expands this scholarship program for students at private (mostly nonprofit) K-12 schools. Starting in the 2024-25 school year, virtually all North Carolina families would be eligible for Opportunity Scholarships, potentially creating cost-savings for nonprofit K-12 schools and increasing the number of families that can afford to send their children to nonprofit K-12 schools.	
Economic development nonprofits	 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. 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. Provides \$12 million in one-time funding to the I95/I40 Crossroads of America Economic Development Alliance. Provides \$60 million in additional one-time funding for the Economic Development Partnership of North Carolina. Provides \$50 million in additional one-time funding for NC Innovation, Inc. Provides \$35 million in additional one-time funding to the Golden LEAF Foundation for various programs. 	 Provides \$10 million in additional one-time funding for the Economic Development Partnership of North Carolina. Reduces the recurring funding for the Economic Development Partnership of North Carolina by \$200,000 per year. Removes a requirement that the Golden LEAF Foundation must consult with the NC General Assembly on the organization's annual budget and gives Golden LEAF more flexibility in amending its articles of incorporation and bylaws. Provides \$350,000 per year (\$700,000 over the biennium) in new recurring funding for NCcareers.org. Provides \$250,000 per year (\$500,000 over the biennium) in one-time funding for the Research Triangle Institute. 	

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	Removes a requirement that the Golden LEAF Foundation must consult with the NC General Assembly on the organization's annual budget.	Provides \$1.4 billion in funding for NC Innovation, Inc. to create an endowment and adds a variety of governance, accountability, and clawback requirements for NC Innovation.	
NC Office of State Budget and Management	Makes no new changes for grants management.	Provides funding for an additional grants management position, which could help address some of the challenges nonprofits have experienced with state grants and contracts.	•
NC Council for Women and Youth Involvement	Provides funding for an upgrade to the grants management system and for an additional grants management position. This may help nonprofits that receive state grants and contracts through the agency.	Provides funding for an upgrade to the grants management system and for an additional grants management position. This may help nonprofits that receive state grants and contracts through the agency.	•
Volunteer fire departments and volunteer rescue squads	Provides \$5 million in one-time funding.	 Provides \$13 million in one-time funding (\$7 million in FY2023-24 and \$6 million in FY2024-25). Provides \$1 million per year (\$2 million over the biennium) in one-time funding for volunteer rescue squads. 	•
Elections provisions	Prohibits the NC State Board of Election and local boards of elections from receiving contributions from nonprofits to assist with their elections operations.	Makes no changes to limit nonprofit contributions to election boards.	•
Parks and trail programs	 Provides \$25 million in one-time funding for the Great Trails Program. Provides \$8 million in one-time funding for the Complete the Trails grants program. 	Provides \$5 million in one-time funding for the Great Trails Program.	•
Human trafficking nonprofits	Provides no new funding.	Provides \$500,000 per year (\$1 million over the biennium) to create a new competitive grant program for nonprofits providing services to victims of human trafficking.	•

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Domestic violence and sexual assault programs Various other nonprofit appropriations	 Provides no new funding. Provides \$1.5 million in one-time funding for WonderSchool. 	 Provides \$500,000 in new recurring funding in FY2023-24 and \$750,000 in new recurring funding in FY2024-25 for the domestic violence grants program. Provides \$500,000 in new recurring funding in FY2023-24 and \$750,000 in new recurring funding in FY2024-25 for the sexual assault grants program. Provides \$10 million in one-time funding for the NC Foundation for 	•
	 Provides \$512,000 in one-time funding for the NC Christmas Tree Association. Provides \$100,000 in one-time funding for the NC Cattleman's Association. Provides \$500,000 in one-time funding for the NC Grange Mutual Insurance Company. Provides \$7.5 million in one-time funding to the NC Coastal Federation. Provides \$750,000 per year (\$1.5 over the biennium) in one-time funding for the NC Association of Chiefs of Police. Provides \$1.5 million per year (\$3 million over the biennium) for the Campbell University Second Chance Initiative. Provides \$30 million in one-time funding for the NC Sports Legacy Foundation. Provides \$200,000 per year (\$400,000 over the biennium) in new recurring funding for the NC Technology Association. Provides \$1.5 million in one-time funding for Military Missions in Action. Provides \$200,000 per year (\$400,000 over the biennium) in 	 Soil and Water Conservation. Provides \$2.5 million in one-time funding for the NC Coastal Federation. Provides \$300,000 in one-time funding for the NC Sports Hall of Fame. Provides \$2 million in one-time funding for the NC Aviation Museum and Hall of Fame. Provides \$1.5 million per year (\$3 million over the biennium) in one-time funding for Military Missions in Action. Provides \$15 million in one-time funding for the Katie Blessing Foundation. Provides \$2 million in one-time funding to Foundation For The Carolinas for the Carolina Theatre. Provides \$15.7 million in one-time funding for Mountain Community Health Partnership. 	

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issue	one-time funding for Professional Engineers of North Carolina. • Provides \$30 million in one-time funding for NC SAVES Green Community Program for electric vehicle charging stations. • Provides \$250,000 per year (\$500,000 over the biennium) in one-time funding for Now Serving • Provides \$7.5 million in one-time funding for the CAGC Foundation		Legislative Compromise Budget
	 Provides \$1 million in one-time funding for NC Resource Conservation and Development Association. 	•	
	 Provides \$20 million in one-time funding for EmitBio. Provides \$500,000 in one-time funding for NC Amateur Sports. 		
	 Provides \$4 million in one-time funding for Carolinas AGC. Creates a challenge grant progran 	1	
© 2022 North Coolin	for the Veterans Life Center. • Provides \$2 million per year (\$4 million over the biennium) in one-time funding for the NC Future Farmers of America.		

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