



May 15, 2026 | [nclm.org](https://nclm.org)

## Property Tax Constitutional Amendment Gains Support

On the same day members of the [House Finance Committee](#) voted unanimously to approve a proposed [property tax constitutional amendment](#), legislative leaders announced their agreement to support placing it on the ballot.

At a news conference Tuesday where they outlined broad state budget parameters, NC Senate President Pro Tem Phil Berger and NC House Speaker Destin Hall [told reporters](#) they supported a pair of tax-related amendments. Those amendments included the one the committee advanced Tuesday that would limit local property tax levies.

The property tax proposal originated in the House last month, while Senate leaders introduced [their proposed amendment](#) following the Tuesday press conference. The Senate amendment would cap the state income tax rate at 3.5 percent. Meanwhile, the House property tax amendment, if approved by voters, would direct the N.C. General Assembly to adopt limits on the local property tax levy, subject to exceptions.

Speaker Hall has expressed strong support for the property tax measure, and the House Finance Committee gave its stamp of approval to the proposal on a unanimous voice vote Tuesday. Prior to the vote, members of the committee from both parties raised concerns about the effects on local governments if the legislature were to limit this key local revenue source.

A full House chamber vote on that proposed property tax constitutional amendment could come as early as next week. **NOW IS THE TIME TO CALL YOUR LEGISLATORS.** Express your concerns about limiting property tax levies. Share with them the general points in [this one-pager](#) and the public safety points in [this one-pager](#), along with specific data from your city or town about which services your town's property tax revenues pay for.

In a related vote Tuesday, the House Finance Committee also voted to advance a [bill](#) that would close a property tax loophole related to affordable housing. Read about these committee votes in [this WFAE article](#).

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## **Legislative Leaders Unveil Budget Framework as Negotiations Commence**

Tuesday afternoon, NC Senate President Pro Tem Phil Berger and NC House Speaker Destin Hall announced a framework for a state budget, the first step in the overall negotiation process as both chambers seek to introduce their first budget in more than three years.

During the press conference, Senator Berger said, "This is a starting point. There's still a lot that will need to be decided and discussed between the two chambers, but this agreement sets out a good framework for us to move forward."

As discussed in the section above, legislative leaders announced their agreement on a constitutional amendment limiting local property taxes, as well as a previously unreported constitutional amendment that would cap the personal income tax rate at 3.5%. That amendment was filed as a standalone bill on Wednesday as [SB 1080 Lower Taxes for All NC](#).

Also included in the agreement were raises and bonuses for teachers and other public employees, as well as retiree cost-of-living bonuses. It also appropriates \$208 million to support a joint children's hospital project between UNC Health and Duke Health. This [WRAL article](#) provides additional details on all of the raises and bonuses.

While this agreement is a positive sign towards resolving the years-long delay on a comprehensive budget, a final proposal is still at least a month away. Leadership has consistently stated that they hope that a conference report could be before both chambers by mid-June, but neither has committed to a specific date.

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## **Senate Committee Debates Utility Funds**

The [Senate State & Local Government Committee](#) met on Tuesday and approved legislation that would prohibit the City of Rocky Mount and the Town of Louisburg from transferring funds from their utility accounts for other purposes.

Under the revised version of [SB 1076 Limit Electric/Natural Gas Revenue Uses](#), Rocky Mount would be prohibited from transferring funds from the electric and gas utilities it operates, and Louisburg would be prohibited from transferring funds from its electric system fund. In addition, the bill repeals a 2021 law that permitted Louisburg to use electric funds for economic development projects that increase electric load on the Town's system.

As [WRAL reports](#), the impacted municipalities were not consulted on the changes and find the proposal detrimental to their communities. Under the existing law, Rocky Mount was permitted to return a limited amount of electric funds to the city's general fund, an amount that represents a return on investment for the city taxpayers.

The subject of electric system transfers by cities has a long and complex history, and at least two of the Senators involved, Sen. Buck Newton and Sen. Tim Moffit, have been active on these issues in the past. The debate has centered on fairness for residents and businesses that receive municipal services but do not live within municipal limits and thus cannot vote in municipal elections. Policies and rates of municipalities are generally set by the municipal governing board.

The bill now goes to the [Senate Rules Committee](#) and must still be approved by the House before becoming law. As currently drafted, this is a local bill and would not be subject to a gubernatorial veto.



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