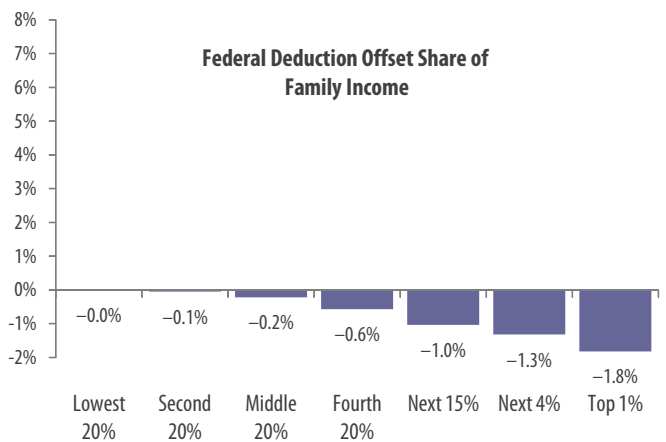
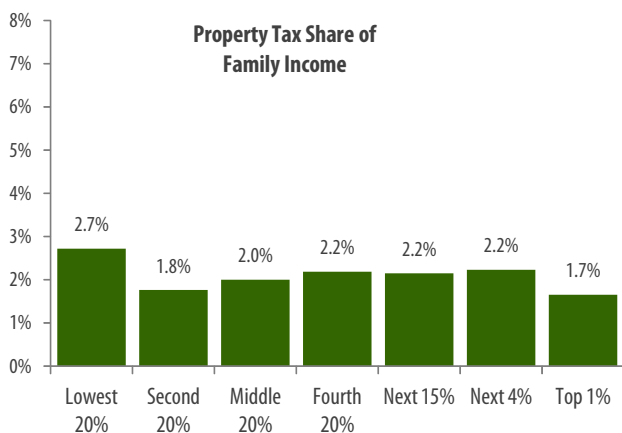
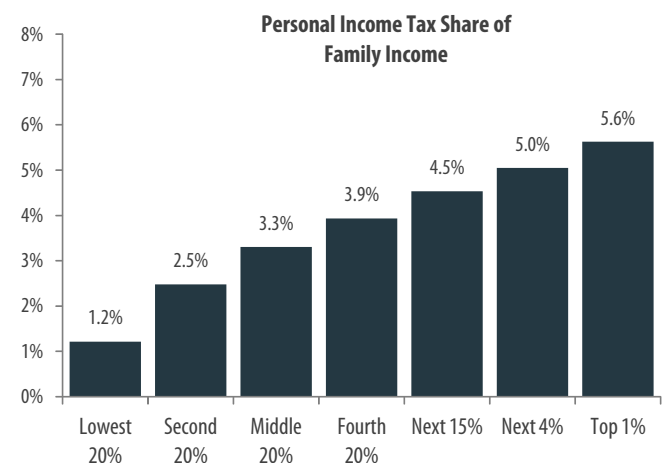
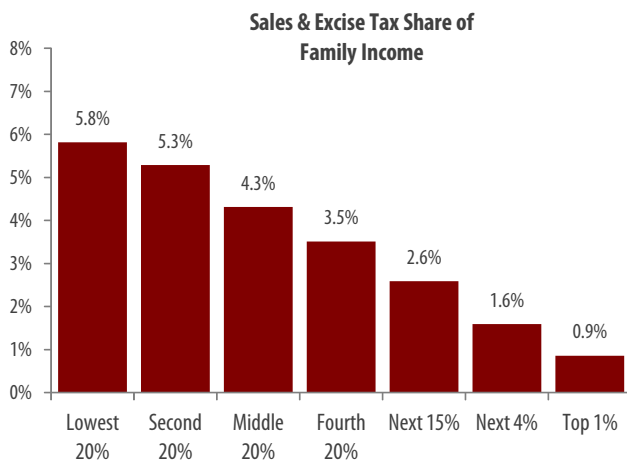
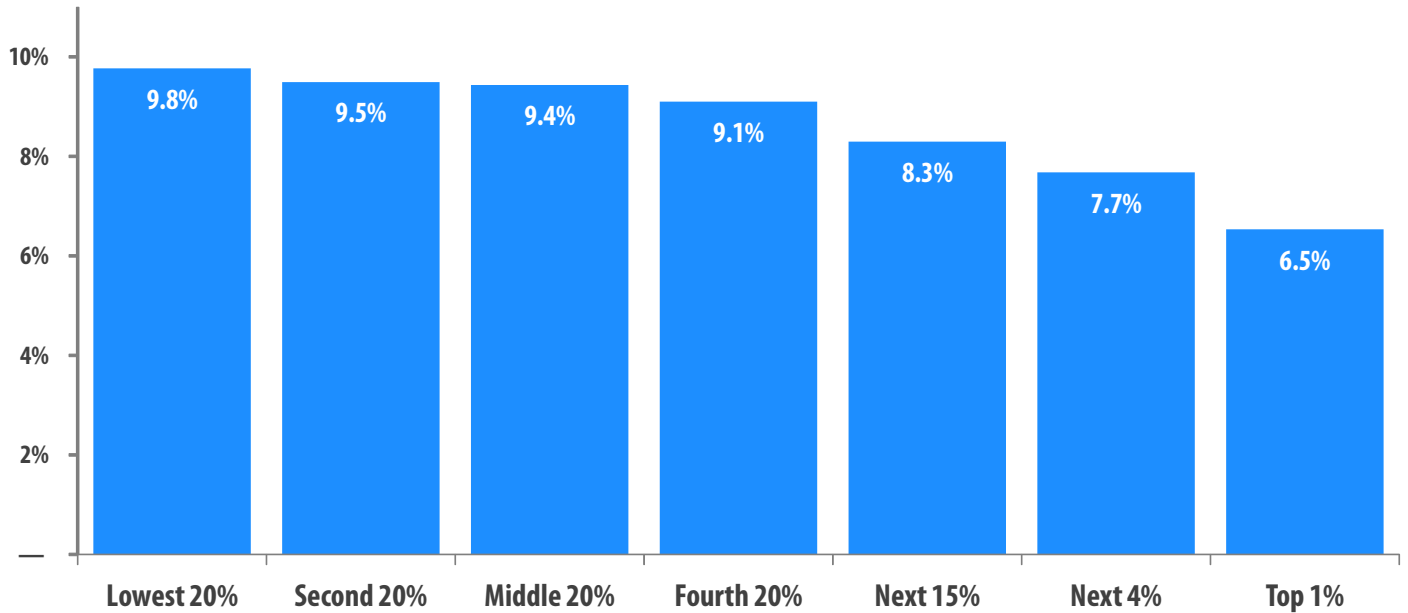


North Carolina State & Local Taxes

Shares of family income for non-elderly taxpayers



Note: Figures show permanent law in North Carolina enacted through January 2, 2013 at 2010 income levels. The temporary \$50,000 business deduction is not included. The 5% refundable EITC is also not included as it is scheduled to sunset in 2013. Top figure represents total state and local taxes as a share of income, post-federal offset.

North Carolina State & Local Taxes

Details, Tax Code Features, & Recent Developments

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$47,000	\$47,000 – \$76,000	\$76,000 – \$151,000	\$151,000 – \$345,000	\$345,000 or more
Average Income in Group	\$10,100	\$22,300	\$36,800	\$60,200	\$102,400	\$211,100	\$818,100
Sales & Excise Taxes	5.8%	5.3%	4.3%	3.5%	2.6%	1.6%	0.9%
General Sales—Individuals	2.9%	2.7%	2.3%	2.0%	1.5%	1.0%	0.6%
Other Sales & Excise—Ind.	1.3%	1.2%	0.9%	0.7%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.4%	1.1%	0.9%	0.6%	0.4%	0.2%
Property Taxes	2.7%	1.8%	2.0%	2.2%	2.2%	2.2%	1.7%
Property Taxes on Families	2.7%	1.7%	1.9%	2.1%	2.0%	1.9%	1.0%
Other Property Taxes	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%	0.7%
Income Taxes	1.2%	2.5%	3.3%	4.0%	4.6%	5.2%	5.8%
Personal Income Tax	1.2%	2.5%	3.3%	3.9%	4.5%	5.0%	5.6%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
Total Taxes	9.8%	9.6%	9.7%	9.7%	9.3%	9.0%	8.4%
Federal Deduction Offset	0.0%	-0.1%	-0.2%	-0.6%	-1.0%	-1.3%	-1.8%
OVERALL TOTAL	9.8%	9.5%	9.4%	9.1%	8.3%	7.7%	6.5%

Note: Table shows detailed breakout of data on previous page.

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ State sales tax base excludes groceries

Regressive Features

- ✗ Refundable earned income tax credit (EITC) expires in 2013
- ✗ Comparatively high state and local sales tax rates
- ✗ Fails to require combined reporting to calculate corporate income taxes

Recent Developments

- ▲ Enacted a temporary \$50,000 business income tax deduction

Impact of Making Refundable 5% EITC Permanent in North Carolina

