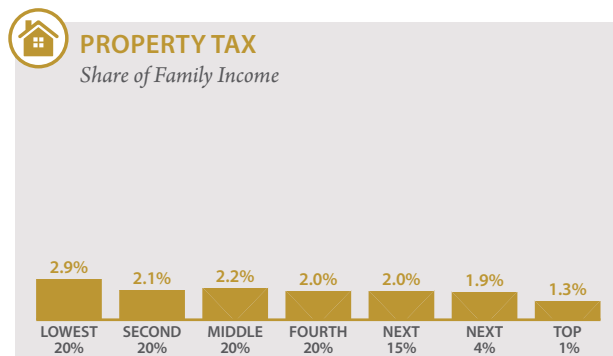
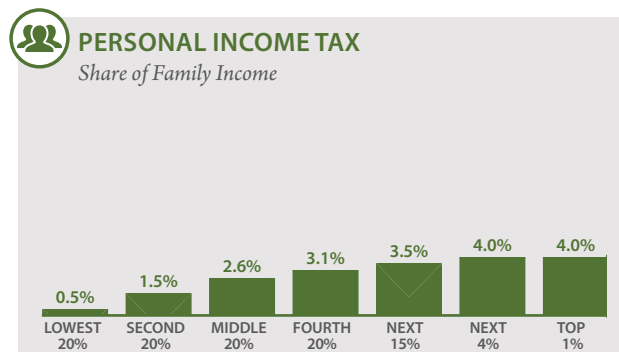
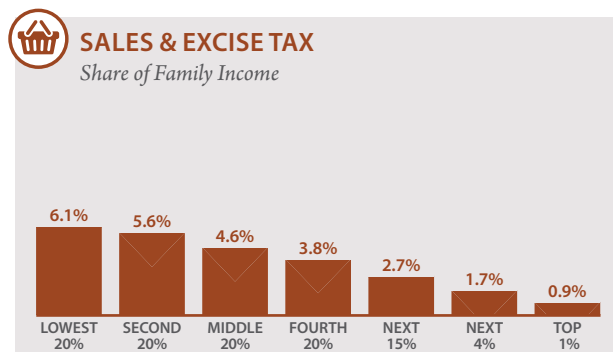
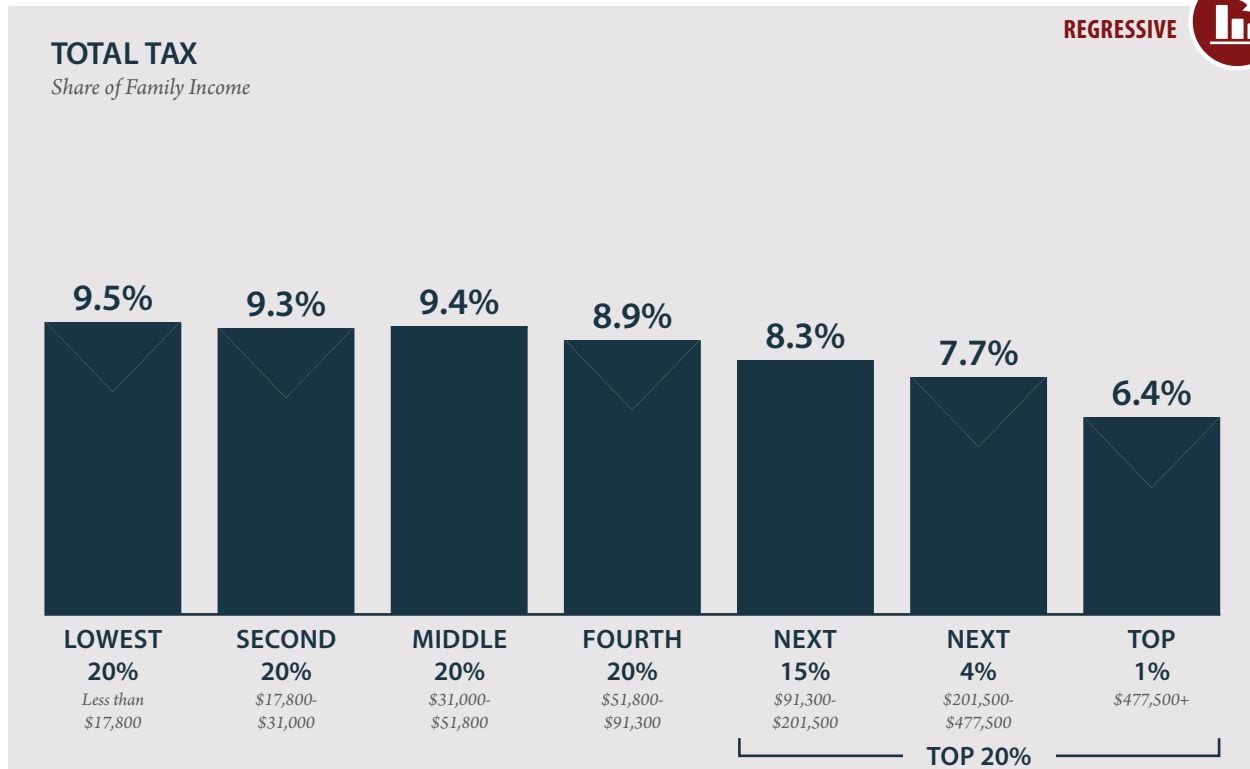


# NORTH CAROLINA

STATE AND LOCAL TAX SHARES OF FAMILY INCOME for non-elderly taxpayers







## NOTE:

Figures show permanent law in North Carolina enacted through September 10, 2018 at 2015 income levels including personal and corporate tax rate reductions scheduled to go into effect in 2019. Top figure represents total state and local taxes as a share of income. The 6th edition of Who Pays does not include the impact of the federal deduction for state and local taxes (SALT) because policy changes in the 2017 federal Tax Cuts and Jobs Act temporarily limited the extent to which the SALT deduction functions as a generalized offset of state and local taxes.

# NORTH CAROLINA State and Local Taxes (cont.)

## TOTAL TAX

Share of Family Income

INCOME GROUP	TOP 20%						
	LOWEST 20%	SECOND 20%	MIDDLE 20%	FOURTH 20%	NEXT 15%	NEXT 4%	TOP 1%
INCOME RANGE	Less than \$17,800	\$17,800 to \$31,000	\$31,000 to \$51,800	\$51,800 to \$91,300	\$91,300 to \$201,500	\$201,500 to \$477,500	over \$477,500
AVERAGE INCOME IN GROUP	\$11,200	\$24,700	\$40,100	\$68,900	\$126,800	\$289,700	\$1,085,000
 <b>SALES &amp; EXCISE TAXES</b>	<b>6.1%</b>	<b>5.6%</b>	<b>4.6%</b>	<b>3.8%</b>	<b>2.7%</b>	<b>1.7%</b>	<b>0.9%</b>
General Sales—Individuals	3.3%	3.1%	2.7%	2.3%	1.7%	1.1%	0.6%
Other Sales & Excise—Ind.	1.1%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.7%	1.5%	1.2%	1.0%	0.6%	0.4%	0.2%
 <b>PROPERTY TAXES</b>	<b>2.9%</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>1.3%</b>
Home, Rent, Car—Individuals	2.9%	2.1%	2.1%	1.9%	1.9%	1.6%	0.5%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.3%	0.8%
 <b>INCOME TAXES</b>	<b>0.5%</b>	<b>1.6%</b>	<b>2.6%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>4.1%</b>	<b>4.2%</b>
Personal Income Tax	0.5%	1.5%	2.6%	3.1%	3.5%	4.0%	4.0%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
 <b>TOTAL TAXES</b>	<b>9.5%</b>	<b>9.3%</b>	<b>9.4%</b>	<b>8.9%</b>	<b>8.3%</b>	<b>7.7%</b>	<b>6.4%</b>

Individual figures may not sum to totals due to rounding.

## ITEP TAX INEQUALITY INDEX

According to ITEP's Tax Inequality Index, which measures the impact of each state's tax system on income inequality, **North Carolina has the 31st most unfair state and local tax system** in the country. Incomes are more unequal in North Carolina after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the methodology section for additional detail on the index.)

## TAX FEATURES DRIVING THE DATA IN NORTH CAROLINA



### PROGRESSIVE TAX CODE FEATURES

- State sales tax base excludes groceries
- Comparatively high standard deduction
- Mortgage interest and property tax deductions are capped at \$20,000



### REGRESSIVE TAX CODE FEATURES

- Personal income tax uses a flat rate
- Comparatively high state and local sales tax rates
- Local sales tax bases include groceries
- Fails to provide refundable Earned Income Tax Credit (EITC) since credit was eliminated in 2013
- Fails to provide a property tax "circuit breaker" credit for low-income taxpayers
- Fails to use combined reporting as part of its corporate income tax
- Does not levy a tax on estates or inheritances