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Senate tax cuts

The Republican-controlled Senate's budget takes a double cuts approach to our state's fiscal woes: it relies on deep cuts in spending to close our \$2.4 billion budget shortfall. Even deeper cuts to vital state programs were necessitated due to their nearly \$500 million cut in personal income taxes.

Sen. Bob Rucho wasn't kidding when he said the proposal "targets working families." Low- and moderate-income working families, those hit hardest by the downturn, stand to lose the most if the Senate's plan is enacted. Cuts to early childhood education programs, community colleges, and Medicaid services will undermine these families' ability to succeed amidst a long-awaited economy recovery.

Furthermore, an ITEP analysis of the Senate's tax cut plan found that the majority (66 percent) of the benefit from reducing tax rates will go to the richest 20 percent of state taxpayers, not to low and middle-income working families. Senate leaders misleadingly call their tax plan a "first step toward modernizing the state's income tax structure."

Rather than addressing flaws with the state's narrow personal income tax base, the plan simply reshuffles the order in which deductions and exemptions are taken from total income. North Carolina cannot afford more tax cuts on top of a severely depressed spending plan. Cutting rates and exempting income from taxation are steps in the wrong direction.

MEG WIEHE

Durham

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