

# NC House/Senate/Governor Tax Reform Agreement

*All North Carolinians, 2013 Income Level*

2013 Income Level	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$19,000	\$19,000 – \$32,000	\$32,000 – \$52,000	\$52,000 – \$84,000	\$84,000 – \$169,000	\$169,000 – \$393,000	\$393,000 – Or More
Average Income in Group	\$12,000	\$25,000	\$41,000	\$67,000	\$113,000	\$236,000	\$940,000

**Agreement Compared to Law with 4.5% EITC in the base (This is what taxpayers will experience in 2014)**

## Impact of Comprehensive Personal Income Tax Changes Fully Phased-In

Tax Change as % of Income	+0.0%	+0.0%	+0.0%	+0.0%	–0.1%	–0.5%	–1.2%
Average Tax Change	+2	+9	+11	+14	–162	–1,078	–10,211

% with Income Tax Increase	+29%	+36%	+39%	+43%	+31%	+20%	+6%
Avg. Tax Increase for those with increase	+121	+222	+359	+483	+808	+1,855	+1,861
Share of Tax Increase	+5%	+10%	+19%	+28%	+27%	+10%	+1%

% with Income Tax Cut	+32%	+43%	+48%	+52%	+67%	+79%	+93%
Avg. Tax Cut for Those w/ Cut	–103	–166	–268	–366	–613	–1,823	–11,135
Share of Tax Cut	+2%	+4%	+8%	+12%	+20%	+19%	+35%

## Impact of Reducing the CIT to 3% (Fully Phased-In)

Tax Change as % of Income	–0.0%	–0.0%	–0.0%	–0.0%	–0.0%	–0.0%	–0.1%
Average Tax Change	–1	–1	–3	–5	–15	–78	–590

## Impact of Comprehensive State and Local Sales/Franchise/Priv Taxes (Offsets transfer of amusement,elec and gas to sales tax with the elimination of the gross receipts franchise and privilege taxes for those items)

Tax Change as % of Income	+0.2%	+0.2%	+0.1%	+0.1%	+0.1%	+0.0%	+0.0%
Average Tax Change	+22	+39	+50	+66	+79	+97	+227

## COMBINED IMPACT OF PIT, SALES, CIT CHANGES

Tax Change as % of Income	+0.2%	+0.2%	+0.1%	+0.1%	–0.1%	–0.5%	–1.2%
Average Tax Change	+23	+47	+59	+74	–98	–1,059	–10,574

## SHARE OF NET TAX CUT BY INCOME GROUP (PIT + CIT + SIT + Electricity/Franchise/Priv)

Benefits in-state residents	0%	0%	0%	0%	10%	25%	65%
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Source: Special Data Request to Institute on Taxation and Economic Policy, July 16, 2013