

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**SENATE BILL 1459**

Short Title: Phase Out Tax Increases & Raise Minimum Wage. (Public)

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Sponsors: Senator Hoyle.

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Referred to: Finance.

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May 17, 2006

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE MINIMUM WAGE AND TO PHASE OUT THE  
2 TEMPORARY INCREASE IN THE STATE SALES TAX AND THE TOP  
3 INDIVIDUAL INCOME TAX BRACKET.  
4

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Section 34.13(c) of S.L. 2001-424, as amended by Section  
7 38.1 of S.L. 2003-284, Section 9.1 of S.L. 2005-144, and Section 33.1 of S.L. 2005-276,  
8 reads as rewritten:

9 "**SECTION 34.13.(c)** This section becomes effective October 16, 2001, and applies  
10 to sales made on or after that date. ~~This section is repealed effective for sales made on~~  
11 ~~or after July 1, 2007.~~ This section does not affect the rights or liabilities of the State, a  
12 taxpayer, or another person arising under a statute amended or repealed by this section  
13 before the effective date of its amendment or repeal; nor does it affect the right to any  
14 refund or credit of a tax that accrued under the amended or repealed statute before the  
15 effective date of its amendment or repeal."

16 **SECTION 2.** G.S. 105-164.4(a), as amended by Section 1 of this act, reads  
17 as rewritten:

18 "(a) A privilege tax is imposed on a retailer at the following percentage rates of  
19 the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is  
20 four and ~~one-half percent (4-1/2%).~~ one-quarter percent (4.25%).

21 ..."

22 **SECTION 3.** G.S. 105-164.4(a), as amended by Sections 1 and 2 of this act,  
23 reads as rewritten:

24 "(a) A privilege tax is imposed on a retailer at the following percentage rates of  
25 the retailer's net taxable sales or gross receipts, as appropriate. The general rate of tax is  
26 four and ~~one-quarter percent (4.25%).~~ percent (4%).

27 ..."

28 **SECTION 4.** Section 39.1 of S.L. 2003-284, as amended by Section 36.1(a)  
29 of S.L. 2005-276, is repealed.

1           **SECTION 5.** G.S. 105-134.2(a), as amended by Section 4 of this act, reads  
 2 as rewritten:

3           "(a) A tax is imposed upon the North Carolina taxable income of every individual.  
 4 The tax shall be levied, collected, and paid annually and shall be computed at the  
 5 following percentages of the taxpayer's North Carolina taxable income.

6           (1) For married individuals who file a joint return under G.S. 105-152 and  
 7 for surviving spouses, as defined in section 2(a) of the Code:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	\$21,250	6%
\$21,250	\$100,000	7%
\$100,000	\$200,000	7.75%
\$200,000	NA	<del>8.25%</del> <u>8%</u>

15           (2) For heads of households, as defined in section 2(b) of the Code:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	\$17,000	6%
\$17,000	\$80,000	7%
\$80,000	\$160,000	7.75%
\$160,000	NA	<del>8.25%</del> <u>8%</u>

23           (3) For unmarried individuals other than surviving spouses and heads of  
 24 households:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	\$12,750	6%
\$12,750	\$60,000	7%
\$60,000	\$120,000	7.75%
\$120,000	NA	<del>8.25%</del> <u>8%</u>

32           (4) For married individuals who do not file a joint return under  
 33 G.S. 105-152:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	\$10,625	6%
\$10,625	\$50,000	7%
\$50,000	\$100,000	7.75%
\$100,000	NA	<del>8.25%</del> <u>8%</u> " .

40           **SECTION 6.** G.S. 105-134.2(a), as amended by Sections 4 and 5 of this act,  
 41 reads as rewritten:

42           "(a) A tax is imposed upon the North Carolina taxable income of every individual.  
 43 The tax shall be levied, collected, and paid annually and shall be computed at the  
 44 following percentages of the taxpayer's North Carolina taxable income.

(1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

Over	Up To	Rate
0	\$21,250	6%
\$21,250	\$100,000	7%
\$100,000	<del>\$200,000</del> <u>NA</u>	7.75%
\$200,000	NA	8%

(2) For heads of households, as defined in section 2(b) of the Code:

Over	Up To	Rate
0	\$17,000	6%
\$17,000	\$80,000	7%
\$80,000	<del>\$160,000</del> <u>NA</u>	7.75%
\$160,000	NA	8%

(3) For unmarried individuals other than surviving spouses and heads of households:

Over	Up To	Rate
0	\$12,750	6%
\$12,750	\$60,000	7%
\$60,000	<del>\$120,000</del> <u>NA</u>	7.75%
\$120,000	NA	8%

(4) For married individuals who do not file a joint return under G.S. 105-152:

Over	Up To	Rate
0	\$10,625	6%
\$10,625	\$50,000	7%
\$50,000	<del>\$100,000</del> <u>NA</u>	7.75%
\$100,000	NA	8%".

**SECTION 7.** G.S. 95-25.3(a) reads as rewritten:

"(a) Every employer shall pay to each employee who in any workweek performs any work, wages of at least ~~the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time,~~ six dollars (\$6.00) per hour, except as otherwise provided in this section."

**SECTION 8.** Section 2 of this act becomes effective January 1, 2007, and applies to sales made on or after that date. Section 3 of this act becomes effective July 1, 2007, and applies to sales made on or after that date. Section 5 of this act is effective for taxable years beginning on or after January 1, 2007. Section 6 of this act is effective

- 1 for taxable years beginning on or after January 1, 2008. Section 7 of this act becomes
- 2 effective July 1, 2006. The remainder of this act is effective when it becomes law.