

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

FILED SENATE  
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S.B. 669  
PRINCIPAL CLERK

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SENATE DRS95068-RB-30C (03/01)

Short Title: Reduce the Individual Income Tax Rate. (Public)

Sponsors: Senators Rucho, Rabon, and Berger (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO PHASE-IN A REDUCTION OF THE INDIVIDUAL INCOME TAX RATE  
3 AND TO DIRECT THE REVENUE LAWS STUDY COMMITTEE TO STUDY AN  
4 ELIMINATION OF THE INDIVIDUAL INCOME TAX.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** Effective for taxable years beginning on or after January 1, 2014,  
7 G.S. 105-134.2(a) reads as rewritten:

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

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

| Over             | Up To            | Rate    |
|------------------|------------------|---------|
| -0-              | \$21,250\$10,000 | 6%0%    |
| \$21,250\$10,000 | \$100,000NA      | 7%5.25% |
| \$100,000        | NA               | 7.75%   |

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

| Over            | Up To           | Rate    |
|-----------------|-----------------|---------|
| -0-             | \$17,000\$8,000 | 6%0%    |
| \$17,000\$8,000 | \$80,000NA      | 7%5.25% |
| \$80,000        | NA              | 7.75%   |

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

| Over            | Up To           | Rate    |
|-----------------|-----------------|---------|
| -0-             | \$12,750\$5,000 | 6%0%    |
| \$12,750\$5,000 | \$60,000NA      | 7%5.25% |
| \$60,000        | NA              | 7.75%   |

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

| Over            | Up To           | Rate    |
|-----------------|-----------------|---------|
| -0-             | \$10,625\$5,000 | 6%0%    |
| \$10,625\$5,000 | \$50,000NA      | 7%5.25% |
| \$50,000        | NA              | 7.75%"  |

33 **SECTION 2.** Effective for taxable years beginning on or after January 1, 2015,  
34 G.S. 105-134.2(a), as amended by Section 1 of this act, reads as rewritten:



"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the 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        | \$10,000 | 0%    |
| \$10,000 | \$12,500 | 5.25% |
|          |          | 4.75% |

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

| Over    | Up To    | Rate  |
|---------|----------|-------|
| 0       | \$8,000  | 0%    |
| \$8,000 | \$10,000 | 5.25% |
|         |          | 4.75% |

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

| Over    | Up To   | Rate  |
|---------|---------|-------|
| 0       | \$5,000 | 0%    |
| \$5,000 | \$6,250 | 5.25% |
|         |         | 4.75% |

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

| Over    | Up To   | Rate  |
|---------|---------|-------|
| 0       | \$5,000 | 0%    |
| \$5,000 | \$6,250 | 5.25% |
|         |         | 4.75% |

**SECTION 3.** Effective for taxable years beginning on or after January 1, 2016, G.S. 105-134.2(a), as amended by Section 2 of this act, reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the 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        | \$12,500 | 0%    |
| \$12,500 | N/A      | 4.75% |
|          |          | 4%    |

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

| Over     | Up To    | Rate  |
|----------|----------|-------|
| 0        | \$10,000 | 0%    |
| \$10,000 | N/A      | 4.75% |
|          |          | 4%    |

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

| Over    | Up To   | Rate  |
|---------|---------|-------|
| 0       | \$6,250 | 0%    |
| \$6,250 | N/A     | 4.75% |
|         |         | 4%    |

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

| Over    | Up To   | Rate  |
|---------|---------|-------|
| 0       | \$6,250 | 0%    |
| \$6,250 | N/A     | 4.75% |
|         |         | 4%    |

**SECTION 4.** The Revenue Laws Study Committee must study the elimination of the individual income tax as a General Fund revenue source and report its findings and recommendations to the North Carolina General Assembly.

**SECTION 5.** Except as otherwise provided, this act is effective when it becomes law.