

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 459  
Mar 19, 2025  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30198-NIxf-103

Short Title: Income Tax Rate Reduction Trigger Mods. (Public)

Sponsors: Representative Butler.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE INCOME TAX RATE REDUCTION TRIGGER.

3 Whereas, Hurricane Helene was an extremely strong Category 4 hurricane with  
4 maximum sustained winds of 140 miles per hour that reached North Carolina on September 27,  
5 2024; and

6 Whereas, Hurricane Helene caused widespread heavy rainfall in excess of 30 inches  
7 in some areas, record flooding, and significant loss of human life and property in North Carolina;  
8 and

9 Whereas, the Office of State Budget and Management estimated that, as of December  
10 13, 2024, Hurricane Helene caused \$59.6 billion in damage to the State; and

11 Whereas, Hurricane Florence was one of the strongest storms to form in the Atlantic  
12 Ocean in the history of North Carolina, reaching wind speeds of up to 140 miles per hour,  
13 covering 500 miles, and making landfall on September 14, 2018; and

14 Whereas, Hurricane Florence caused heavy rainfall, record flooding, high storm  
15 surge, and dozens of deaths in the State; and

16 Whereas, the people of Eastern North Carolina are still recovering from the  
17 devastation caused by Hurricane Florence; Now, therefore,  
18 The General Assembly of North Carolina enacts:

19 **SECTION 1.(a)** Effective for taxable years beginning on or after January 1, 2025,  
20 G.S. 105-153.7 reads as rewritten:

21 "**§ 105-153.7. Individual income tax imposed.**

22 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
23 of every individual. The tax shall be levied, collected, and paid annually. ~~Except as otherwise~~  
24 ~~provided in subsection (a1) of this section, the~~ The tax is a percentage four and one-quarter  
25 percent (4.25%) of the taxpayer's North Carolina taxable income computed as follows: income.

<del>Taxable Years Beginning</del>	<del>Tax</del>
<del>In 2022</del>	<del>4.99%</del>
<del>In 2023</del>	<del>4.75%</del>
<del>In 2024</del>	<del>4.5%</del>
<del>In 2025</del>	<del>4.25%</del>
<del>After 2025</del>	<del>3.99%.</del>

32 ~~(a1) Rate Reduction Trigger. Notwithstanding the tax rates set out in subsection (a) of~~  
33 ~~this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger~~  
34 ~~amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent~~  
35 ~~tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half~~  
36 ~~percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of~~



\* D R H 3 0 1 9 8 - N I X F - 1 0 3 \*

1 this subsection, total General Fund revenue is the amount stated in the final accounting of total  
 2 General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the  
 3 Office of State Controller in August following the end of the fiscal year.

	Fiscal Year	Trigger Amount	Taxable Year Beginning
4	<del>FY 2025-2026</del>	<del>\$33,042,000,000</del>	<del>In 2027</del>
5	<del>FY 2026-2027</del>	<del>\$34,100,000,000</del>	<del>In 2028</del>
6	<del>FY 2027-2028</del>	<del>\$34,760,000,000</del>	<del>In 2029</del>
7	<del>FY 2028-2029</del>	<del>\$35,750,000,000</del>	<del>In 2030</del>
8	<del>FY 2029-2030</del>	<del>\$36,510,000,000</del>	<del>In 2031</del>
9	<del>FY 2030-2031</del>	<del>\$38,000,000,000</del>	<del>In 2032</del>
10	<del>FY 2031-2032</del>	<del>\$38,500,000,000</del>	<del>In 2033</del>
11	<del>FY 2032-2033</del>	<del>\$39,000,000,000</del>	<del>In 2034</del>

12  
13 ...."

14 **SECTION 1.(b)** Effective for taxable years beginning on or after January 1, 2029,  
 15 G.S. 105-153.7, as amended by subsection (a) of this section, reads as rewritten:

16 "**§ 105-153.7. Individual income tax imposed.**

17 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 18 of every individual. The tax shall be levied, collected, and paid annually. ~~The~~ Except as otherwise  
 19 provided in subsection (a1) of this section, the tax is four and one-quarter percent (4.25%) of the  
 20 taxpayer's North Carolina taxable income.

21 (a1) Rate Reduction Trigger. – Notwithstanding the tax rate set out in subsection (a) of  
 22 this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger  
 23 amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent  
 24 tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half  
 25 percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of  
 26 this subsection, total General Fund revenue is the amount stated in the final accounting of total  
 27 General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the  
 28 Office of State Controller in August following the end of the fiscal year.

	<u>Fiscal Year</u>	<u>Trigger Amount</u>	<u>Taxable Year Beginning</u>
29	<u>FY 2027-2028</u>	<u>\$34,760,000,000</u>	<u>In 2029</u>
30	<u>FY 2028-2029</u>	<u>\$35,750,000,000</u>	<u>In 2030</u>
31	<u>FY 2029-2030</u>	<u>\$36,510,000,000</u>	<u>In 2031</u>
32	<u>FY 2030-2031</u>	<u>\$38,000,000,000</u>	<u>In 2032</u>
33	<u>FY 2031-2032</u>	<u>\$38,500,000,000</u>	<u>In 2033</u>
34	<u>FY 2032-2033</u>	<u>\$39,000,000,000</u>	<u>In 2034</u>

35  
36 ...."

37 **SECTION 2.** Except as otherwise provided, this act is effective when it becomes  
 38 law.