

2014 Estimated Impact of Individual Income Tax Proposal

TOTAL RETURNS

| Federal AGI ¹ | Total Returns | Current - Returns with Tax Due | Proposal - Returns with Tax Due | Change in Returns with Tax Due | Current - Revenue (\$Millions) | Proposal - Revenue (\$Millions) | Change - Revenue (\$Millions) | Current - Average Tax Due | Proposal - Average Tax Due | Change - Average Tax Due | Percent Change |
|--------------------------|------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|--------------------------|----------------|
| Infinity (-) < 9,999 | 665,646 | 204,197 | 75,665 | (128,532) | 29.0 | 11.3 | (17.68) | 43 | 17 | (27) | -61.1% |
| 9,999 < 19,999 | 526,951 | 360,352 | 276,987 | (83,365) | 130.2 | 102.7 | (27.56) | 247 | 195 | (52) | -21.2% |
| 19,999 < 29,999 | 637,908 | 571,329 | 508,231 | (63,098) | 468.3 | 363.5 | (104.84) | 734 | 570 | (164) | -22.4% |
| 29,999 < 39,999 | 689,369 | 644,250 | 650,292 | 6,042 | 871.6 | 729.1 | (142.45) | 1,264 | 1,058 | (207) | -16.3% |
| 39,999 < 49,999 | 316,249 | 290,391 | 308,892 | 18,501 | 518.9 | 483.2 | (35.71) | 1,641 | 1,528 | (113) | -6.9% |
| 49,999 < 59,999 | 232,238 | 215,818 | 228,369 | 12,551 | 483.1 | 461.1 | (21.93) | 2,080 | 1,986 | (94) | -4.5% |
| 59,999 < 69,999 | 197,592 | 185,824 | 195,291 | 9,467 | 500.1 | 479.6 | (20.46) | 2,531 | 2,427 | (104) | -4.1% |
| 69,999 < 79,999 | 166,804 | 157,890 | 165,231 | 7,341 | 501.7 | 492.0 | (9.70) | 3,008 | 2,950 | (58) | -1.9% |
| 79,999 < 99,999 | 253,423 | 244,721 | 252,341 | 7,620 | 945.1 | 951.6 | 6.48 | 3,729 | 3,755 | 26 | 0.7% |
| 99,999 < 199,999 | 537,776 | 530,777 | 537,112 | 6,335 | 3,472.4 | 3,498.0 | 25.61 | 6,457 | 6,505 | 48 | 0.7% |
| 199,999 < 499,999 | 124,187 | 123,370 | 124,088 | 718 | 1,910.5 | 1,903.1 | (7.44) | 15,384 | 15,324 | (60) | -0.4% |
| 499,999 < 999,999 | 15,318 | 15,155 | 15,318 | 163 | 644.0 | 599.3 | (44.65) | 42,042 | 39,127 | (2,915) | -6.9% |
| 999,999 < Infinity | 7,795 | 7,665 | 7,795 | 130 | 1,561.3 | 1,511.5 | (49.73) | 200,291 | 193,912 | (6,379) | -3.2% |
| TOTAL | 4,371,256 | 3,551,739 | 3,345,612 | (206,127) | 12,036.15 | 11,586.10 | (450.05) | 3,389 | 3,463 | 74 | 2.2% |

Zero Bracket: MFJ - \$11,000; S/MFS - \$5,500; HOH - \$8,800

6.0% Flat Rate

Eliminate Exemptions

Eliminate Standard and Itemized Deductions

Eliminate \$50,000 Business Exemption

Eliminate Other Retirement Benefits Deduction

Tax Social Security Income and Railroad Retirement Benefits the same as the Federal Government¹

Eliminate all Credits, except for the following:

Child Tax Credit - AGI < \$110,000² (MFJ) \$450 per child; AGI between \$110,000 and \$200,000 (MFJ) \$200 per child

Charitable Contributions Credit - 6.0% Rate and \$600 Credit Cap (\$10,000 in contributions)

Personal Expense Tax Credit - (AGI - Zero Bracket)*0.6%; Limited to AGI<\$150,000 (MFJ); \$800 (MFJ) Credit Cap and \$200 (MFJ) Credit Floor

^{1/} Federal AGI is prorated to capture only portion that is North Carolina income

^{2/} \$110,000 is the level of phase-out for the current Federal Child Credit

SINGLE

| Federal AGI ¹ | Total Returns | Current - Returns with Tax Due | Proposal - Returns with Tax Due | Change in Returns with Tax Due | Current - Revenue (\$Millions) | Proposal - Revenue (\$Millions) | Change - Revenue (\$Millions) | Current - Average Tax Due | Proposal - Average Tax Due | Change - Average Tax Due | Percent Change |
|--------------------------|------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|--------------------------|----------------|
| Infinity (-) < 9,999 | 420,712 | 169,207 | 72,894 | (96,313) | 22.78 | 6.65 | (16.13) | 54 | 16 | (38) | -70.8% |
| 9,999 < 19,999 | 244,793 | 207,234 | 220,784 | 13,550 | 93.62 | 90.45 | (3.17) | 382 | 369 | (13) | -3.4% |
| 19,999 < 29,999 | 260,230 | 239,620 | 251,460 | 11,840 | 261.48 | 250.72 | (10.76) | 1,005 | 963 | (41) | -4.1% |
| 29,999 < 39,999 | 319,456 | 306,192 | 315,407 | 9,215 | 509.07 | 464.54 | (44.53) | 1,594 | 1,454 | (139) | -8.7% |
| 39,999 < 49,999 | 142,208 | 134,128 | 140,166 | 6,038 | 282.58 | 270.00 | (12.58) | 1,987 | 1,899 | (88) | -4.5% |
| 49,999 < 59,999 | 90,240 | 85,423 | 89,392 | 3,969 | 222.37 | 216.03 | (6.34) | 2,464 | 2,394 | (70) | -2.9% |
| 59,999 < 69,999 | 63,228 | 60,202 | 62,761 | 2,559 | 187.66 | 182.60 | (5.06) | 2,968 | 2,888 | (80) | -2.7% |
| 69,999 < 79,999 | 49,309 | 47,385 | 49,103 | 1,718 | 173.52 | 176.05 | 2.53 | 3,519 | 3,570 | 51 | 1.5% |
| 79,999 < 99,999 | 54,682 | 52,929 | 54,626 | 1,697 | 231.19 | 253.51 | 22.32 | 4,228 | 4,636 | 408 | 9.7% |
| 99,999 < 199,999 | 66,898 | 65,812 | 66,849 | 1,037 | 455.32 | 476.02 | 20.70 | 6,806 | 7,116 | 309 | 4.5% |
| 199,999 < 499,999 | 12,517 | 12,395 | 12,505 | 110 | 203.75 | 199.95 | (3.80) | 16,278 | 15,974 | (304) | -1.9% |
| 499,999 < 999,999 | 1,752 | 1,709 | 1,752 | 43 | 73.73 | 69.48 | (4.25) | 42,083 | 39,658 | (2,425) | -5.8% |
| 999,999 < Infinity | 1,301 | 1,264 | 1,301 | 37 | 267.81 | 273.38 | 5.57 | 205,849 | 210,134 | 4,284 | 2.1% |
| TOTAL | 1,727,326 | 1,383,500 | 1,339,000 | (44,500) | 2,984.88 | 2,929.37 | (55.51) | 2,157 | 2,188 | 30 | 1.4% |

MARRIED FILING JOINTLY

| Federal AGI ¹ | Total Returns | Current - Returns with Tax Due | Proposal - Returns with Tax Due | Change in Returns with Tax Due | Current - Revenue (\$Millions) | Proposal - Revenue (\$Millions) | Change - Revenue (\$Millions) | Current - Average Tax Due | Proposal - Average Tax Due | Change - Average Tax Due | Percent Change |
|--------------------------|------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|--------------------------|----------------|
| Infinity (-) < 9,999 | 99,030 | 23,004 | 318 | (22,686) | 4.70 | 3.83 | (0.87) | 47 | 39 | (9) | -18.4% |
| 9,999 < 19,999 | 83,806 | 32,728 | 18,441 | (14,287) | 5.47 | 3.12 | (2.35) | 65 | 37 | (28) | -42.9% |
| 19,999 < 29,999 | 126,548 | 92,378 | 74,276 | (18,102) | 45.64 | 34.45 | (11.19) | 361 | 272 | (88) | -24.5% |
| 29,999 < 39,999 | 167,171 | 140,596 | 140,465 | (131) | 128.69 | 107.45 | (21.24) | 770 | 643 | (127) | -16.5% |
| 39,999 < 49,999 | 118,384 | 102,194 | 113,469 | 11,275 | 142.01 | 138.09 | (3.92) | 1,200 | 1,166 | (33) | -2.8% |
| 49,999 < 59,999 | 113,604 | 102,608 | 110,744 | 8,136 | 196.12 | 190.88 | (5.24) | 1,726 | 1,680 | (46) | -2.7% |
| 59,999 < 69,999 | 117,263 | 108,907 | 115,490 | 6,583 | 264.52 | 255.28 | (9.24) | 2,256 | 2,177 | (79) | -3.5% |
| 69,999 < 79,999 | 109,155 | 102,363 | 107,817 | 5,454 | 300.62 | 290.94 | (9.68) | 2,754 | 2,665 | (89) | -3.2% |
| 79,999 < 99,999 | 190,491 | 183,662 | 189,477 | 5,815 | 679.65 | 665.32 | (14.33) | 3,568 | 3,493 | (75) | -2.1% |
| 99,999 < 199,999 | 463,033 | 457,237 | 462,429 | 5,192 | 2,966.26 | 2,968.82 | 2.56 | 6,406 | 6,412 | 6 | 0.1% |
| 199,999 < 499,999 | 110,012 | 109,344 | 109,929 | 585 | 1,680.89 | 1,677.23 | (3.66) | 15,279 | 15,246 | (33) | -0.2% |
| 499,999 < 999,999 | 13,348 | 13,231 | 13,348 | 117 | 561.11 | 521.42 | (39.69) | 42,037 | 39,064 | (2,973) | -7.1% |
| 999,999 < Infinity | 6,215 | 6,144 | 6,215 | 71 | 1,210.73 | 1,144.29 | (66.44) | 194,808 | 184,117 | (10,691) | -5.5% |
| TOTAL | 1,718,060 | 1,474,396 | 1,462,418 | (11,978) | 8,186.41 | 8,001.13 | (185.28) | 5,552 | 5,471 | (81) | -1.5% |

MARRIED FILING SEPARATELY

| | | | | | | | | | | | |
|----------------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|--------------|------------|-------------|
| Infinity (-) < 9,999 | 19,335 | 5,703 | 2,405 | (3,298) | 0.98 | 0.65 | (0.33) | 51 | 34 | (17) | -33.8% |
| 9,999 < 19,999 | 13,318 | 11,004 | 11,184 | 180 | 4.61 | 4.22 | (0.39) | 346 | 317 | (29) | -8.4% |
| 19,999 < 29,999 | 16,338 | 15,056 | 15,456 | 400 | 14.55 | 13.12 | (1.43) | 891 | 803 | (88) | -9.8% |
| 29,999 < 39,999 | 17,627 | 16,641 | 17,397 | 756 | 24.65 | 22.53 | (2.12) | 1,398 | 1,278 | (120) | -8.6% |
| 39,999 < 49,999 | 9,349 | 8,805 | 9,264 | 459 | 16.80 | 16.18 | (0.62) | 1,797 | 1,731 | (66) | -3.7% |
| 49,999 < 59,999 | 5,605 | 5,347 | 5,561 | 214 | 12.98 | 12.75 | (0.23) | 2,316 | 2,274 | (41) | -1.8% |
| 59,999 < 69,999 | 3,662 | 3,520 | 3,654 | 134 | 10.46 | 10.47 | 0.01 | 2,856 | 2,860 | 3 | 0.1% |
| 69,999 < 79,999 | 2,124 | 2,018 | 2,107 | 89 | 7.13 | 7.43 | 0.30 | 3,357 | 3,497 | 140 | 4.2% |
| 79,999 < 99,999 | 2,372 | 2,305 | 2,372 | 67 | 9.62 | 10.94 | 1.32 | 4,056 | 4,613 | 557 | 13.7% |
| 99,999 < 199,999 | 3,389 | 3,316 | 3,385 | 69 | 22.22 | 24.65 | 2.43 | 6,557 | 7,273 | 716 | 10.9% |
| 199,999 < 499,999 | 857 | 841 | 853 | 12 | 12.91 | 13.19 | 0.28 | 15,064 | 15,388 | 324 | 2.1% |
| 499,999 < 999,999 | 87 | 87 | 87 | 0 | 3.22 | 3.15 | (0.07) | 37,011 | 36,260 | (751) | -2.0% |
| 999,999 < Infinity | 206 | 184 | 206 | 22 | 69.94 | 82.52 | 12.58 | 339,515 | 400,579 | 61,064 | 18.0% |
| TOTAL | 94,269 | 74,827 | 73,931 | (896) | 210.07 | 221.80 | 11.73 | 2,807 | 3,000 | 193 | 6.9% |

HEAD OF HOUSEHOLD

| | | | | | | | | | | | |
|----------------------|----------------|----------------|----------------|------------------|---------------|---------------|-----------------|--------------|------------|--------------|---------------|
| Infinity (-) < 9,999 | 126,569 | 6,283 | 48 | (6,235) | 0.49 | 0.14 | (0.35) | 4 | 1 | (3) | -71.5% |
| 9,999 < 19,999 | 185,034 | 109,386 | 26,578 | (82,808) | 26.53 | 4.88 | (21.65) | 143 | 26 | (117) | -81.6% |
| 19,999 < 29,999 | 234,792 | 224,275 | 167,039 | (57,236) | 146.63 | 65.17 | (81.46) | 625 | 278 | (347) | -55.6% |
| 29,999 < 39,999 | 185,115 | 180,821 | 177,023 | (3,798) | 209.18 | 134.62 | (74.56) | 1,130 | 727 | (403) | -35.6% |
| 39,999 < 49,999 | 46,308 | 45,264 | 45,993 | 729 | 77.50 | 58.90 | (18.60) | 1,674 | 1,272 | (402) | -24.0% |
| 49,999 < 59,999 | 22,789 | 22,440 | 22,672 | 232 | 51.59 | 41.47 | (10.12) | 2,264 | 1,820 | (444) | -19.6% |
| 59,999 < 69,999 | 13,439 | 13,195 | 13,386 | 191 | 37.45 | 31.28 | (6.17) | 2,787 | 2,327 | (459) | -16.5% |
| 69,999 < 79,999 | 6,216 | 6,124 | 6,204 | 80 | 20.47 | 17.62 | (2.85) | 3,293 | 2,835 | (459) | -13.9% |
| 79,999 < 99,999 | 5,878 | 5,825 | 5,866 | 41 | 24.63 | 21.80 | (2.83) | 4,190 | 3,709 | (481) | -11.5% |
| 99,999 < 199,999 | 4,456 | 4,412 | 4,449 | 37 | 28.61 | 28.54 | (0.07) | 6,421 | 6,405 | (15) | -0.2% |
| 199,999 < 499,999 | 801 | 790 | 801 | 11 | 12.98 | 12.73 | (0.25) | 16,205 | 15,891 | (314) | -1.9% |
| 499,999 < 999,999 | 131 | 128 | 131 | 3 | 5.94 | 5.29 | (0.65) | 45,344 | 40,389 | (4,954) | -10.9% |
| 999,999 < Infinity | 73 | 73 | 73 | 0 | 12.79 | 11.35 | (1.44) | 175,205 | 155,488 | (19,717) | -11.3% |
| TOTAL | 831,601 | 619,016 | 470,263 | (148,753) | 654.79 | 433.79 | (221.00) | 1,058 | 922 | (135) | -12.8% |