



# North Carolina

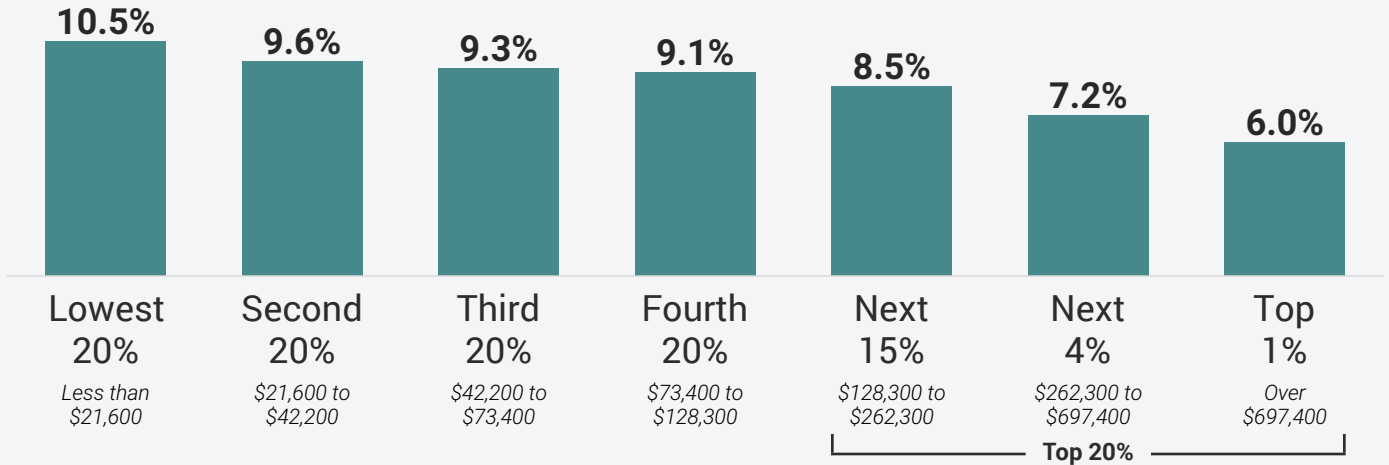
## State and local tax shares of family income

### Total Taxes

Share of family income

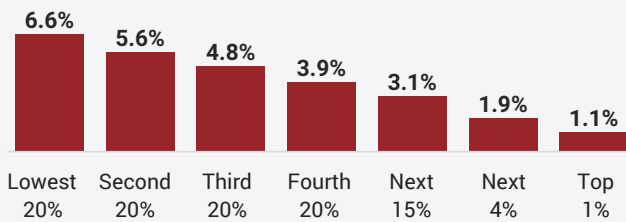


REGRESSIVE



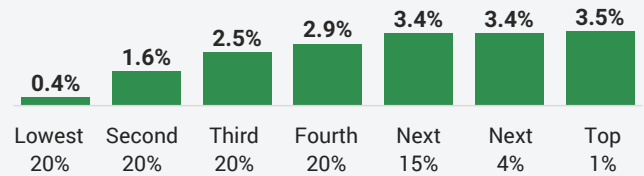
### Sales & Excise Taxes

Share of family income



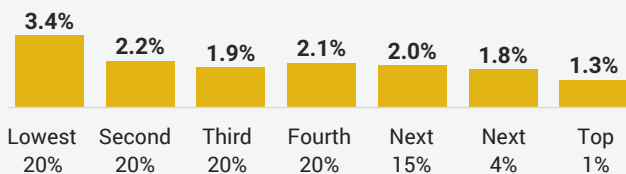
### Personal Income Taxes

Share of family income



### Property Taxes

Share of family income








Note: All figures and charts show 2024 tax law in North Carolina, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.7 percent) state and local tax revenue collected in North Carolina. These figures depict North Carolina's 2024 flat income tax rate of 4.5 percent. The rate is set to decline to 2.49 percent over time and the corporate income tax will be reduced to zero. As seen in Appendix E, this will decrease the overall tax rate paid by the top 1 percent of households by 1.6 percentage points and cause the state to move 7 spots in the ITEP Inequality Index rankings, from 24th to 17th most regressive.

# North Carolina

State and local tax (cont.)

Individual figures may not sum to totals due to rounding.

Top 20%

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income Range	Less than \$21,600	\$21,600 to \$42,200	\$42,200 to \$73,400	\$73,400 to \$128,300	\$128,300 to \$262,300	\$262,300 to \$697,400	Over \$697,400
Average Income in Group	\$12,400	\$31,000	\$55,700	\$97,400	\$167,700	\$387,400	\$1,339,900
 <b>Sales &amp; Excise Taxes</b>	<b>6.6%</b>	<b>5.6%</b>	<b>4.8%</b>	<b>3.9%</b>	<b>3.1%</b>	<b>1.9%</b>	<b>1.1%</b>
General Sales—Individuals	3.6%	3.2%	2.8%	2.3%	1.7%	1.0%	0.4%
Other Sales & Excise—Ind.	1.6%	1.2%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise—Business	1.4%	1.2%	1.1%	1.0%	0.8%	0.6%	0.5%
 <b>Property Taxes</b>	<b>3.4%</b>	<b>2.2%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>1.3%</b>
Home, Rent, Car—Individuals	3.0%	1.9%	1.7%	1.8%	1.7%	1.4%	0.7%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.6%
 <b>Income Taxes</b>	<b>0.4%</b>	<b>1.6%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>3.6%</b>
Personal Income Taxes	0.4%	1.6%	2.5%	2.9%	3.4%	3.4%	3.5%
Corporate Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
 <b>Other Taxes</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
 <b>TOTAL TAXES</b>	<b>10.5%</b>	<b>9.6%</b>	<b>9.3%</b>	<b>9.1%</b>	<b>8.5%</b>	<b>7.2%</b>	<b>6.0%</b>

## ITEP Tax Inequality Index

ITEP's Tax Inequality Index measures the effects of each state's tax system on income inequality. **According to this measure, North Carolina has the 24th most regressive state and local tax system in the country.** Income disparities are larger in North Carolina after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

## Tax features driving the data in North Carolina

