

TABLE 22. INDIVIDUAL INCOME TAX COLLECTIONS

[G.S.105 ARTICLE 4, PART 2.]

| Fiscal year | Total gross individual income tax collections [\$] | Refunds [\$] | Individual Income Tax Net Collections Before & After Reimbursements, Transfers | | | | | | Year-over-year % change | | | |
|--------------|---|-----------------|--|---|---|--|--|--|---|-------------------------------|---------------------------|------------------------|
| | | | Net collections before reimbursements/transfers [\$] | (-) Reserved to be distributed [\$] | (-) Reserves/transfers for administrative fees/costs [\$] | (-) Reimbursements to local governments [\$] | (-) Inter-governmental inter-fund transfers [\$] | (-) Collections to General Fund [\$] | Individual income tax gross collections | Individual income tax refunds | Net collections transfers | Amount to General Fund |
| | | | | | | | | | | | | |
| 1988-89..... | 3,641,909,123 | 610,601,566 | 3,031,307,557 | ----- | ----- | 28,440,782 | 542,906 | 3,002,323,870 | 8.54% | 7.07% | 8.85% | 11.74% |
| 1989-90..... | 4,018,661,663 | 582,771,557 | 3,435,890,105 | 45,000,000 | ----- | ----- | 500,288 | 3,390,389,817 | 10.34% | -4.56% | 13.35% | 12.93% |
| 1990-91..... | 4,097,990,558 | 516,009,540 | 3,581,981,018 | 47,000,000 | ----- | ----- | 506,868 | 3,534,474,150 | 1.97% | -11.46% | 4.25% | 4.25% |
| 1991-92..... | 4,209,151,297 | 625,667,495 | 3,583,483,801 | ----- | ----- | ----- | 466,126 | 3,583,017,675 | 2.71% | 21.25% | 0.04% | 1.37% |
| 1992-93..... | 4,581,131,864 | 588,701,807 | 3,992,430,056 | ----- | ----- | ----- | 413,664 | 3,992,016,392 | 8.84% | -5.91% | 11.41% | 11.41% |
| 1993-94..... | 4,927,359,602 | 638,832,419 | 4,288,527,184 | ----- | ----- | 33,640,575 | 380,059 | 4,254,506,549 | 7.56% | 8.52% | 7.42% | 6.58% |
| 1994-95..... | 5,359,677,624 | 660,235,043 | 4,699,442,582 | ----- | ----- | 33,640,575 | 327,273 | 4,665,474,733 | 8.77% | 3.35% | 9.58% | 9.66% |
| 1995-96..... | 5,764,599,183 | 834,653,369 | 4,929,945,814 | ----- | 584,383 | 128,972,502 | 353,980 | 4,800,034,948 | 7.55% | 26.42% | 4.90% | 2.88% |
| 1996-97..... | 6,353,560,136 | 894,387,246 | 5,459,172,888 | ----- | ----- | 128,972,502 | 210,126 | 5,329,990,261 | 10.22% | 7.16% | 10.73% | 11.04% |
| 1997-98..... | 7,126,627,746 | 968,646,494 | 6,157,981,252 | ----- | ----- | 128,972,502 | 138,533 | 6,028,870,217 | 12.17% | 8.30% | 12.80% | 13.11% |
| 1998-99..... | 7,794,920,222 | 1,059,036,097 | 6,735,884,126 | ----- | ----- | 128,972,502 | 411,344 | 6,606,500,278 | 9.38% | 9.33% | 9.38% | 9.58% |
| 1999-00..... | 8,316,517,056 | 1,106,846,589 | 7,209,670,466 | ----- | 282,489 | 128,972,502 | 309,298 | 7,080,106,177 | 6.69% | 4.51% | 7.03% | 7.17% |
| 2000-01..... | 8,885,680,514 | 1,341,199,373 | 7,544,481,141 | ----- | 937,057 | 128,972,502 | 23,229,059 | 7,391,342,524 | 6.84% | 21.17% | 4.64% | 4.40% |
| 2001-02..... | 8,624,387,711 | 1,372,786,018 | 7,251,601,693 | ----- | 5,734,362 | 128,972,502 | (17,735,003) | 7,134,629,832 | -2.94% | 2.36% | -3.88% | -3.47% |
| 2002-03..... | 8,533,920,978 | 1,436,462,191 | 7,097,458,787 | ----- | 8,438,637 | ----- | 493,278 | 7,088,526,873 | -1.05% | 4.64% | -2.13% | -0.65% |

Detail may not add to totals due to rounding.

Individual income tax: Effective for tax years beginning on or after January 1, 1989, the starting point in determining North Carolina taxable income is taxable income for federal income tax purposes, subject to certain additions, deductions, and transitional adjustments. Both the North Carolina standard deduction and personal exemption allowance amounts differ from those for federal purposes because the federal amounts are adjusted annually, but North Carolina's are not.

Personal exemption amounts: The personal exemption for North Carolina purposes is \$2,500 for a taxpayer whose federal adjusted gross income is less than the amount shown for his filing status in the chart below; a taxpayer with federal adjusted gross income equal to or more than the threshold amount is allowed a personal exemption amount of \$2,000.

[For tax years 1989 through 1994, the personal exemption amount was \$2,000 regardless of AGI amount; for tax year 1995, the amount increased to \$2,250 subject to the AGI amount; and for tax years 1996 forward, the amount increased to \$2,500 subject to the AGI amount.]

| Filing Status | Federal AGI | Tax rates: | | Applicable tax rate | | | |
|---|-------------|-------------------------|----------------|---------------------|---------|-----------|------|
| | | Filing Status | Taxable income | Over | Up To | 2001-2005 | 1991 |
| Married filing jointly/qualifying widow(er) | \$100,000 | Married filing jointly/ | \$0 | \$21,250 | 6% | 6% | 6% |
| Head of household | \$80,000 | Qualifying widow(er) | \$21,250 | \$100,000 | 7% | 7% | 7% |
| Single | \$60,000 | | \$100,000 | \$200,000 | 7.75% | 7.75% | 7% |
| Married filing separately | \$50,000 | | \$200,000 | | 8.25% * | 7.75% | 7% |
| Head of household | | | \$0 | \$17,000 | 6% | 6% | 6% |
| | | | \$17,000 | \$80,000 | 7% | 7% | 7% |
| | | | \$80,000 | \$160,000 | 7.75% | 7.75% | 7% |
| | | | \$160,000 | | 8.25% * | 7.75% | 7% |
| Single | | | \$0 | \$12,750 | 6% | 6% | 6% |
| | | | \$12,750 | \$60,000 | 7% | 7% | 7% |
| | | | \$60,000 | \$120,000 | 7.75% | 7.75% | 7% |
| | | | \$120,000 | | 8.25% * | 7.75% | 7% |
| Married filing separately | | | \$0 | \$10,625 | 6% | 6% | 6% |
| | | | \$10,625 | \$50,000 | 7% | 7% | 7% |
| | | | \$50,000 | \$100,000 | 7.75% | 7.75% | 7% |
| | | | \$100,000 | | 8.25% * | 7.75% | 7% |

[Additional standard deduction amounts for taxpayers aged 65 or older or blind]

| Filing Status | \$ Value of One Additional Amount |
|---------------------------|-----------------------------------|
| Married filing jointly | \$600 |
| Qualifying widow(er) | \$600 |
| Head of household | \$750 |
| Single | \$750 |
| Married filing separately | \$600 |

*The 8.25% rate is scheduled to revert to 7.75% effective for tax year 2006 and future years.

TABLE 22.- Continued

Tax credit for dependent children:

A tax credit is allowed for each dependent child for which the taxpayer is allowed to claim a child tax credit on the federal return provided the taxpayer's federal adjusted gross income is less than the threshold amount for the taxpayer's filing status, as reflected below:

| <u>Filing Status</u> | <u>Federal AGI</u> | <u>[For tax years 1995 through 2002, the tax credit amount for each dependent child was \$60; for tax year 2003, the amount increased to \$75; for tax year 2004, the amount is \$100.]</u> |
|---|--------------------|---|
| Married filing jointly/qualifying widow(er) | \$100,000 | |
| Head of household | \$80,000 | |
| Single | \$60,000 | |
| Married filing separately | \$50,000 | |

Reserves to be distributed:

Amounts shown in Reserved to be distributed were funds reserved for payment of individual income tax refunds not processed as of June 30th of the respective years.

Reimbursements to local governments:

Amounts shown were payments made to local governments as reimbursement for taxes lost due to intangibles tax exemptions.

Intergovernmental, inter-fund transfers:

In fiscal year 2000-01, funds were transferred from the individual income tax account to the privilege tax account to make payment of a court-ordered refund; in fiscal year 2001-02, a subsequent transfer of \$18.2 million from the privilege tax account reimbursed the individual income tax account. Gross individual income tax collections and Net collections before transfers columns do not reflect the transfer of funds so as not to alter the reporting of taxpayer remittance levels. The Intergovernmental inter-fund transfers and Collections to General Fund columns reflect the actual handling of the transfers, reporting the \$18.2 million as an individual income tax account transfer payable to the privilege tax account in 2000-01 and as a transfer receivable from the privilege tax account in 2001-02.