

TABLE 23. 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 [\$]	(-)	(-)	(-)	(-)	(-)	(=)	Individual income tax gross collections	Individual income tax refunds	Net collections before transfers	Amount to General Fund	
				Reserved to be distributed [\$]	Reserves/transfers for administrative costs [\$]	Reimbursements to local governments [\$]	Inter-governmental inter-fund transfers [\$]	Collection fees on overdue tax debts [\$]	Collections to General Fund [\$]					
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	-	1,174,706	128,972,502	-	(17,735,003)	4,559,656	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	-	122,146	-	-	493,278	8,316,491	7,088,526,873	-1.05%	4.64%	-2.13%	-0.65%
2003-04.....	8,984,966,504	1,465,348,511	7,519,617,993	-	122,628	-	-	957,050	8,640,230	7,509,898,086	5.29%	2.01%	5.95%	5.94%
2004-05.....	9,953,546,252	1,515,212,939	8,438,333,313	-	137,226	-	-	18,127,226	10,780,243	8,409,288,618	10.78%	3.40%	12.22%	11.98%

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 while 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:		Taxable income		Applicable tax rate		
		Filing Status	Tax Year	Over	Up To	2001-2007	1991-2000	1989-1990
Married filing jointly/qualifying widow(er)	\$100,000	Married filing jointly/Qualifying widow(er)	2004 & after	\$0	\$21,250	6%	6%	6%
Head of household	\$80,000		2003	\$21,250	\$100,000	7%	7%	7%
Single	\$60,000		1989-2002	\$100,000	\$200,000	7.75%	7.75%	7%
Married filing separately	\$50,000			\$200,000		8.25% *	7.75%	7%
Standard deduction amounts:		Head of household		\$0	\$17,000	6%	6%	6%
[For most taxpayers]				\$17,000	\$80,000	7%	7%	7%
Filing Status	Tax Year			\$80,000	\$160,000	7.75%	7.75%	7%
Married filing jointly	2004 & after	2003	1989-2002	\$160,000		8.25% *	7.75%	7%
Married filing jointly	\$6,000	\$5,500	\$5,000		\$0	\$12,750	6%	6%
Qualifying widow(er)	\$6,000	\$5,500	\$5,000		\$12,750	\$60,000	7%	7%
Head of household	\$4,400	\$4,400	\$4,400	Single	\$60,000	\$120,000	7.75%	7.75%
Single	\$3,000	\$3,000	\$3,000		\$120,000		8.25% *	7.75%
Married filing separately	\$3,000	\$2,750	\$2,500					
[Additional standard deduction amounts for each taxpayer aged 65 or older or blind]		Married filing separately		\$0	\$10,625	6%	6%	6%
Filing Status	\$ Value			\$10,625	\$50,000	7%	7%	7%
Married filing jointly	\$600			\$50,000	\$100,000	7.75%	7.75%	7%
Qualifying widow(er)	\$600			\$100,000		8.25% *	7.75%	7%
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 2008 and future years.

TABLE 23.- 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>	
Married filing jointly/qualifying widow(er)	\$100,000	[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.]
Head of household	\$80,000	
Single	\$60,000	
Married filing separately	\$50,000	

Additional first-year depreciation add-back extended (G.S. 105-134.6(c)(8)):

The 2002 General Assembly enacted an add-back provision to delay the impact on North Carolina's budget of the federal 30% bonus depreciation allowance enacted in 2002. The add-back percentage schedule originally set was 100% for taxable year 2002, 70% for taxable year 2003, and 0% for taxable year 2004 and subsequent years. The federal bonus depreciation rate was increased from 30% to 50% in 2003; the add-back percentage for the taxable year 2004 was increased from 0% to 70% to delay the impact of this change on the North Carolina budget. The add-back percentage for taxable year 2005 and subsequent years is 0%.

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 30 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 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.

2004-05 Amount shown includes \$16,599,074 transferred to the North Carolina Housing Finance Agency for the State low-income housing credits earned for federal low-income housing tax credits (G.S. 105-129.31).

2004-05 Voluntary Compliance Program

Limited amnesty was granted as result of a court case to corporate and individual taxpayers who had engaged either in tax strategies causing income that would otherwise be taxable in North Carolina to be shifted out-of-state, or in other tax shelters eliminating or minimizing their tax burden. Individual income tax collections include \$51,229,050 attributable to this program.

North Carolina Public Campaign Fund designation (G.S. 105-159.2):

Effective for taxable years beginning on or after January 1, 2003, an individual is provided the opportunity to agree to allocate \$3 of the individual's tax liability to the North Carolina Public Campaign Fund if the individual has an income tax liability of at least \$3. On a joint return, each individual may agree to allocate \$3 to the Fund; agreeing to allocate \$3 to the Fund neither increases the tax nor reduces a refund. (The N.C. Public Campaign Fund was established to provide an alternative means of financing candidates for the N.C. Supreme Court of Appeals who accept fundraising and spending limits.)