

TABLE 24. 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 costs [\$]	(-) Reimbursements to local governments [\$]	(-) Inter-governmental inter-fund transfers [\$]	(-) Collection fees on overdue tax debts [\$]	(-) Collections to General Fund [\$]	Individual income tax gross collections	Individual income tax refunds	Net collections before transfers	Amount to General Fund
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	-	6,606,500,277	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%

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; 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	Prior to 1991
Married filing jointly/qualifying widow(er)	\$100,000	Married filing jointly/ Qualifying widow(er)	Head of household	\$0	\$17,000	6%	6%	6%
Head of household	\$80,000			\$21,250	\$200,000	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%
Standard deduction amounts:		Single	Married filing separately	\$0	\$12,750	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			\$160,000		8.25% *	7.75%	7%
Qualifying widow(er)	2003							
Head of household	1989-2002							
Single	2004 & after	\$0	\$60,000	7%	7%	7%		
Married filing jointly	2003	\$12,750	\$120,000	7.75%	7.75%	7%		
Qualifying widow(er)	1989-2002	\$60,000	\$120,000	7.75%	7.75%	7%		
Head of household	2004 & after	\$120,000		8.25% *	7.75%	7%		
Single	2003							
Married filing separately	1989-2002							
[Additional standard deduction amounts for taxpayers aged 65 or older or blind]		Married filing separately		\$0	\$10,625	6%	6%	6%
Filing Status	\$ Value of One Additional Amount			\$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 2006 and future years.

TABLE 24.- 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 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.

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 Financing 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 Financing 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.)