

Vote On Income Tax Cap Pushed Back

By Administrator
Thursday, 16 June 2016 16:08 -

Raleigh - Legislation that caps the state income tax rate at 5.5 percent has been removed from the Senate's calendar Carolina Journal reports after the Finance Committee gave the proposed change to the N.C. Constitution a thumbs up. The measure was rescheduled it for a Saturday, June 25 vote. The Senate typically does not meet on weekends, though it may schedule weekend sessions to allow the General Assembly to adjourn by the end of June.

If approved by the General Assembly, voters would have had the chance to approve or reject the amendment in the Nov. 8 general election.

The General Assembly has cut the income tax rate regularly since 2013. That year, the state had three income tax brackets ranging from 6 percent to 7.75 percent. Beginning in 2014, the tax reform package brought in a flat rate of 5.8 percent.

The current individual income tax rate in North Carolina is 5.75 percent. That rate is scheduled to fall to 5.499 percent in 2017.

The Department of State Treasurer opposes the bill. The treasurer's statement said the proposal potentially could have a negative effect on the state's AAA bond rating, which could result in higher interest payments on bonds. It said the bill would increase the volatility and lessen the reliability of the state's revenue stream. It also said that in five states — Florida, Maine, Nebraska, Oregon, and Washington — voters have rejected constitutional limits on taxing powers. Only one, Colorado, approved such a proposal. Voters there also approved a measure suspending the restriction for five years, the treasurer's document said.