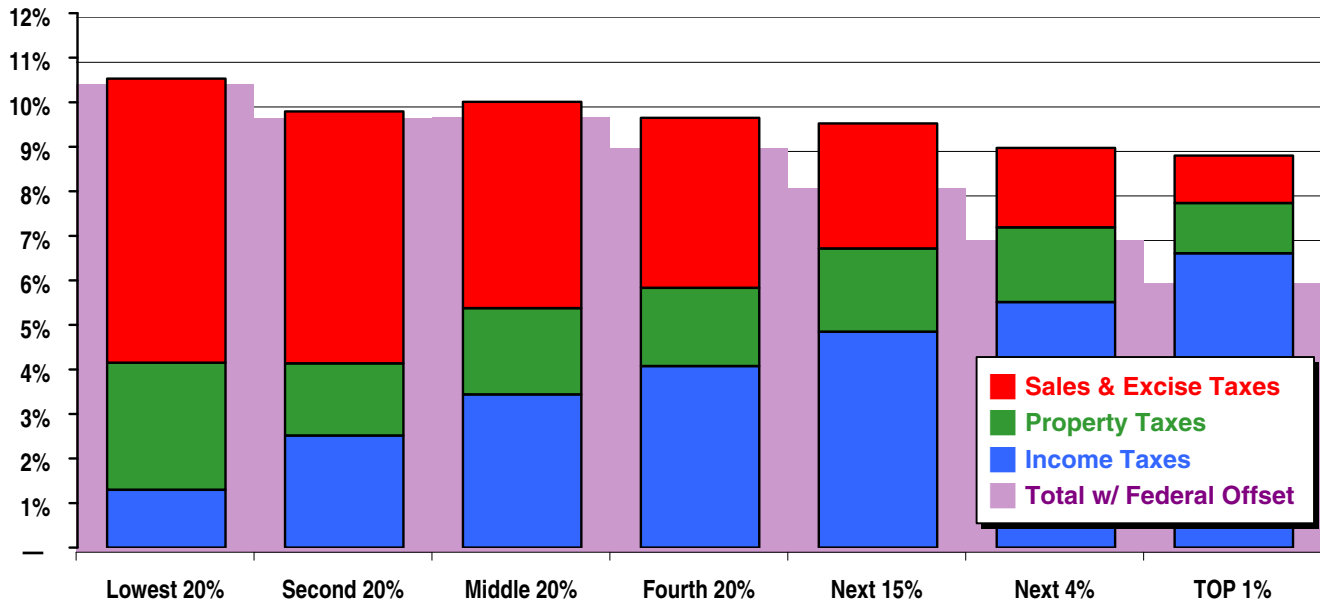


North Carolina

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$15,000	\$15,000 – \$25,000	\$25,000 – \$39,000	\$39,000 – \$64,000	\$64,000 – \$124,000	\$124,000 – \$333,000	\$333,000 or more
Average Income in Group	\$9,100	\$19,700	\$31,300	\$50,100	\$84,800	\$176,800	\$813,800
Sales & Excise Taxes	6.4%	5.7%	4.6%	3.8%	2.8%	1.8%	1.1%
General Sales—Individuals	3.2%	2.9%	2.5%	2.1%	1.6%	1.1%	0.7%
Other Sales & Excise—Ind.	1.5%	1.3%	1.0%	0.8%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.7%	1.5%	1.2%	0.9%	0.7%	0.4%	0.3%
Property Taxes	2.9%	1.6%	1.9%	1.8%	1.9%	1.7%	1.1%
Property Taxes on Families	2.8%	1.6%	1.9%	1.7%	1.8%	1.5%	0.7%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.4%
Income Taxes	1.3%	2.5%	3.4%	4.1%	4.8%	5.5%	6.6%
Personal Income Tax	1.3%	2.5%	3.4%	4.0%	4.8%	5.4%	6.3%
Corporate Income Tax	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	10.5%	9.8%	10.0%	9.6%	9.5%	9.0%	8.8%
Federal Deduction Offset	-0.0%	-0.0%	-0.2%	-0.6%	-1.4%	-2.0%	-2.8%
TOTAL AFTER OFFSET	10.5%	9.8%	9.8%	9.1%	8.2%	7.0%	6.0%

Note: Table shows 2002 tax law at 2000 income levels.

North Carolina Details

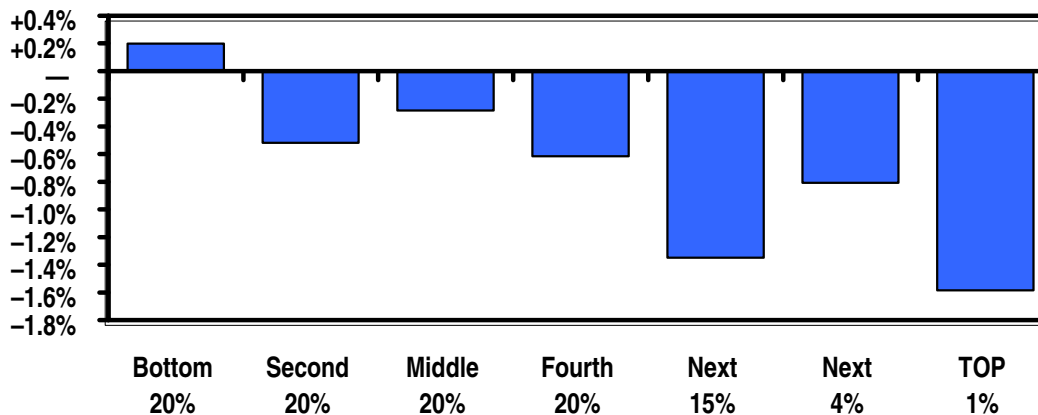
Progressive Features

- ✓ Per person credit
- ✓ Dependent care credit
- ✓ Groceries exempt from state sales tax

Regressive Features

- ✗ Credits not refundable

Changes in Tax as Share of Income, 1989 - 2002

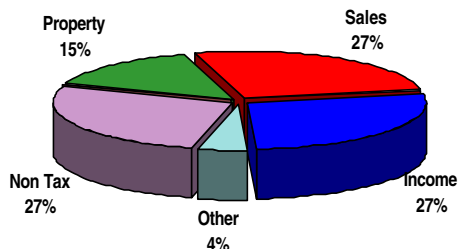


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	-1.1%	-1.1%	-0.9%	-0.8%	-0.6%	-0.4%	-0.2%
Property	+0.8%	+0.2%	+0.5%	+0.1%	-0.8%	-0.7%	-1.1%
Income	+0.5%	+0.4%	+0.3%	+0.3%	+0.4%	+0.6%	+0.6%
Federal Offset	-0.0%	-0.0%	-0.1%	-0.2%	-0.3%	-0.3%	-0.9%
Overall Change	+0.2%	-0.5%	-0.3%	-0.6%	-1.3%	-0.8%	-1.6%

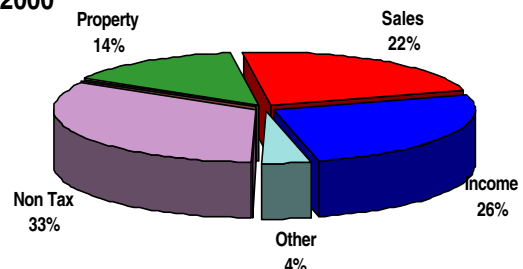
The exemption of groceries from the state sales tax was countered by rises of 1% in the state sales tax and .5% in most local sales taxes. Changes in the income tax were felt by all of the quintiles: the top bracket added in 1991, targeted at those making over \$50,000 (\$100,000 married), was a progressive rate hike, while the lack of indexing of the personal exemption was a regressive tax increase.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census