



# NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

## Legislative Fiscal Note

**Short Title:** Tax Relief For All.  
**Bill Number:** Senate Bill 651 (First Edition)  
**Sponsor(s):** Sen. Philip E. Berger, Sen. Bill Rabon, and Sen. Paul Newton

### SUMMARY TABLE

#### FISCAL IMPACT OF S.B. 651, V.1 (\$ in millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
<b>State Impact</b>					
General Fund Revenue					
Individual Income Tax	(1,838.4)	(2,890.5)	(4,274.9)	(5,436.3)	(6,211.5)
Less Expenditures	-	-	-	-	-
<b>General Fund Impact</b>	<b>(1,838.4)</b>	<b>(2,890.5)</b>	<b>(4,274.9)</b>	<b>(5,436.3)</b>	<b>(6,211.5)</b>
<b>NET STATE IMPACT</b>	<b>(\$1,838.4)</b>	<b>(\$2,890.5)</b>	<b>(\$4,274.9)</b>	<b>(\$5,436.3)</b>	<b>(\$6,211.5)</b>

### FISCAL IMPACT SUMMARY

This bill reduces individual income tax revenue by lowering the tax rate each year over five years, as shown in the table below.

Taxable Year	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Current Law Rate	4.75%	4.60%	4.50%	4.25%	3.99%
S.B. 651 Rate	4.50%	3.99%	3.49%	2.99%	2.49%

### FISCAL ANALYSIS

Fiscal Research relied on the revenue projections and underlying assumptions from the February 2023 Consensus Revenue Forecast to estimate the impact of this bill in the upcoming biennium. The revenue impact in FY 2025-26 and after is projected based on historical growth rates, with adjustments to account for the estimated impacts of current law, including previously enacted rate reductions. Because this bill retroactively adjusts the tax rate effective January 1, 2023, this analysis assumes that the legislation will not be enacted in time for taxpayers to modify withholdings and estimated payments due during the first half of calendar year 2023. As such, the FY 2023-24 estimate reflects the full tax year impact of the 2023 rate reduction, as well as a partial tax year impact of the 2024 rate reduction.

## **TECHNICAL CONSIDERATIONS**

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N/A.

## **DATA SOURCES**

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February 2023 General Fund Consensus Revenue Forecast, Collections data from the North Carolina Department of Revenue

## **LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

## **ESTIMATE PREPARED BY**

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## **ESTIMATE APPROVED BY**

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Brian Matteson, Director of Fiscal Research  
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April 17, 2023



**Signed copy located in the NCGA Principal Clerk's Offices**