

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 1999

Short Title: Adjust Individual Income Tax Brackets. (Public)

Sponsors: Senators Berger of Rockingham; Allran, Brock, Goodall, Jacumin, Smith, Stevens, and Tillman.

Referred to: Finance.

May 26, 2006

A BILL TO BE ENTITLED

AN ACT TO ADJUST THE INDIVIDUAL INCOME TAX BRACKETS.

The General Assembly of North Carolina enacts:

SECTION 1. Section 39.1 of S.L. 2003-284, as amended by Section 36.1(a) of S.L. 2005-276, is repealed.

SECTION 2. G.S. 105-134.2(a), as amended by Section 2 of this act, reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

(1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

Over	Up To	Rate
0	\$21,250 <u>\$45,000</u>	6%
\$21,250 <u>\$45,000</u>	\$100,000 <u>\$120,000</u>	7%
\$100,000 <u>\$120,000</u>	\$200,000 <u>NA</u>	7.75%
\$200,000	NA	8.25%

(2) For heads of households, as defined in section 2(b) of the Code:

Over	Up To	Rate
0	\$17,000 <u>\$36,000</u>	6%
\$17,000 <u>\$36,000</u>	\$80,000 <u>\$96,000</u>	7%
\$80,000 <u>\$96,000</u>	\$160,000 <u>NA</u>	7.75%
\$160,000	NA	8.25%

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(3) For unmarried individuals other than surviving spouses and heads of households:

Over	Up To	Rate
0	\$12,750 <u>\$27,000</u>	6%
\$12,750 <u>\$27,000</u>	\$60,000 <u>\$72,000</u>	7%
\$60,000 <u>\$72,000</u>	\$120,000 <u>NA</u>	7.75%
\$120,000	NA	8.25%

(4) For married individuals who do not file a joint return under G.S. 105-152:

Over	Up To	Rate
0	\$10,625 <u>\$22,500</u>	6%
\$10,625 <u>\$22,500</u>	\$50,000 <u>\$60,000</u>	7%
\$50,000 <u>\$60,000</u>	\$100,000 <u>NA</u>	7.75%
\$100,000	NA	8.25%".

SECTION 3. Section 2 of this act is effective for taxable years beginning on or after January 1, 2006. The remainder of this act is effective when it becomes law.