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PRINCIPAL CLERK

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

S **D**

SENATE BILL DRS15423-NIxf-206

Short Title:	Kids Over Corporations Act.	(Public)
Sponsors:	Senators Chitlik, Murdock, and Smith (Primary Sponsors).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT REPEALING THE SCHEDULED PHASEOUT OF THE CORPORATE INCOME TAX AND SETTING THE CORPORATE INCOME TAX RATE AT FIVE PERCENT.

Whereas, North Carolina law currently phases out the corporate income tax entirely, reducing the rate to zero in future years; and

Whereas, eliminating the corporate income tax would significantly reduce the State's long-term revenue capacity and shift the responsibility for funding public services onto individuals and families; and

Whereas, North Carolina's current corporate income tax rate is already significantly lower than that of neighboring states; and

Whereas, a balanced tax system requires that corporations benefiting from North Carolina's workforce, infrastructure, and public systems contribute to their maintenance; and

Whereas, sustained investment in public education and workforce development is essential to the State's economic competitiveness; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-130.3 reads as rewritten:

"**§ 105-130.3. Corporations.**

A tax is imposed on the State net income of every C Corporation doing business in this ~~State.~~ State at the rate of five percent (5%). An S Corporation is not subject to the tax levied in this section. ~~The tax is a percentage of the taxpayer's State net income computed as follows:~~

~~Taxable Years Beginning~~	~~Tax~~
~~In 2025~~	~~2.25%~~
~~In 2026~~	~~2%~~
~~In 2028~~	~~1%~~
~~After 2029~~	~~0%.~~"

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2026.