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NEWS

BLOOMBERG BNA TAPS PARTNER BILL NELSON FOR INSIGHTS ON SENATE BILL 75 PROPOSING A CAP ON NORTH CAROLINA'S PERSONAL INCOME TAX RATE

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By Andrew M. Ballard

Bloomberg BNA

In the article [North Carolina Senate Approves Income Tax Cap](#), Bloomberg BNA's Andrew M. Ballard reports on the pros and cons of the North Carolina Senate's recently approved Senate Bill 75 (S.B. 75) that would cap the personal income tax rate. Currently the cap level is 10 percent, and S.B. 75 would lower the limit to 5.5 percent. Right now, North Carolina's personal income tax rate is 5.499 percent, so if S.B. 75 passes in the House, it would simply prevent increases.

While similar legislation was passed by the Senate in 2015 and failed approval in the House, Partner Bill Nelson shed light on the differences and what may help S.B. 75 pass in the House this year. He noted this year is a "long session" which provides more time for consideration of the issue, plus S.B. 75 has a narrower focus than in the last legislation. He also mentioned that a new political environment with a Democratic governor may help the Senate and House work more collaboratively on a common agenda.

Those in favor of the bill see low, capped income tax rates as a draw for new talent and businesses to come to North Carolina. In addition, it would limit government spending. On the other hand, those weary of the bill believe it could threaten the abilities of future lawmakers, as well as the state's credit rating.

"S.B. 75 is consistent with the policy that the leadership in the General Assembly has pursued over the last few years to bring down income tax rates and broaden the base of both the income taxes and sales taxes," said Bill. If the bill was to be approved in the Legislature he said he can't foresee how voters would react, but admitted he thinks rate caps generally have an appeal.

Bill's experience includes federal and state tax planning for corporations, partnerships and limited liability companies, assisting taxpayers in federal and state tax controversies and advising clients in state tax legislative matters.

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