

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS15423-NIxf-206

Short Title: Kids Over Corporations Act. (Public)

Sponsors: Senators Chitlik, Murdock, and Smith (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT REPEALING THE SCHEDULED PHASEOUT OF THE CORPORATE INCOME
3 TAX AND SETTING THE CORPORATE INCOME TAX RATE AT FIVE PERCENT.

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

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

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

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

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

15 The General Assembly of North Carolina enacts:

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

17 "§ 105-130.3. Corporations.

18 A tax is imposed on the State net income of every C Corporation doing business in this State.
19 State at the rate of five percent (5%). An S Corporation is not subject to the tax levied in this
20 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%."

26 SECTION 2. This act is effective for taxable years beginning on or after January 1,
27 2026.

