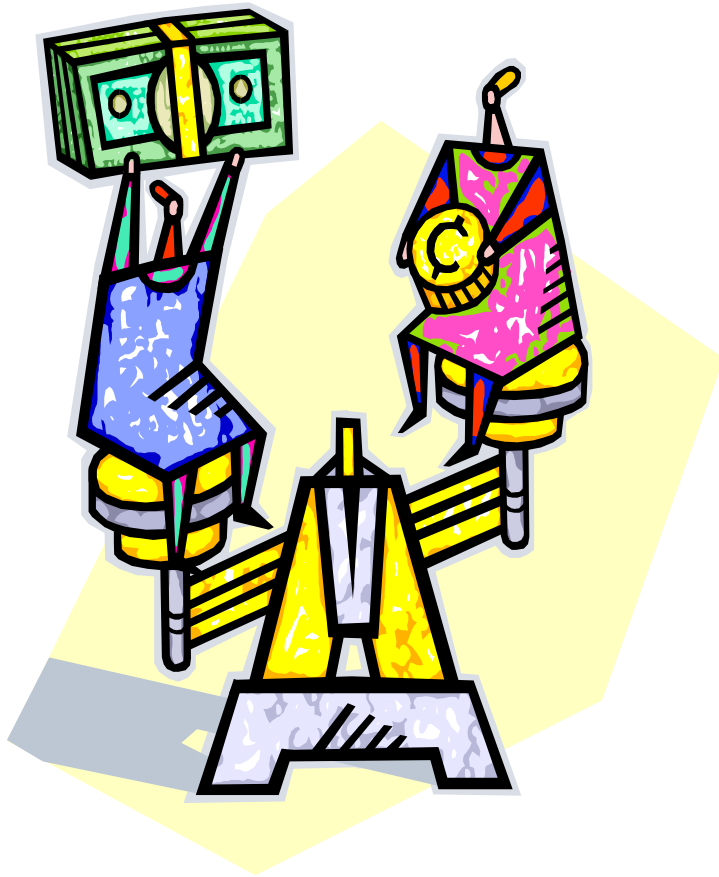


NORTH CAROLINA'S TAX BURDEN: MEASUREMENT AND ISSUES



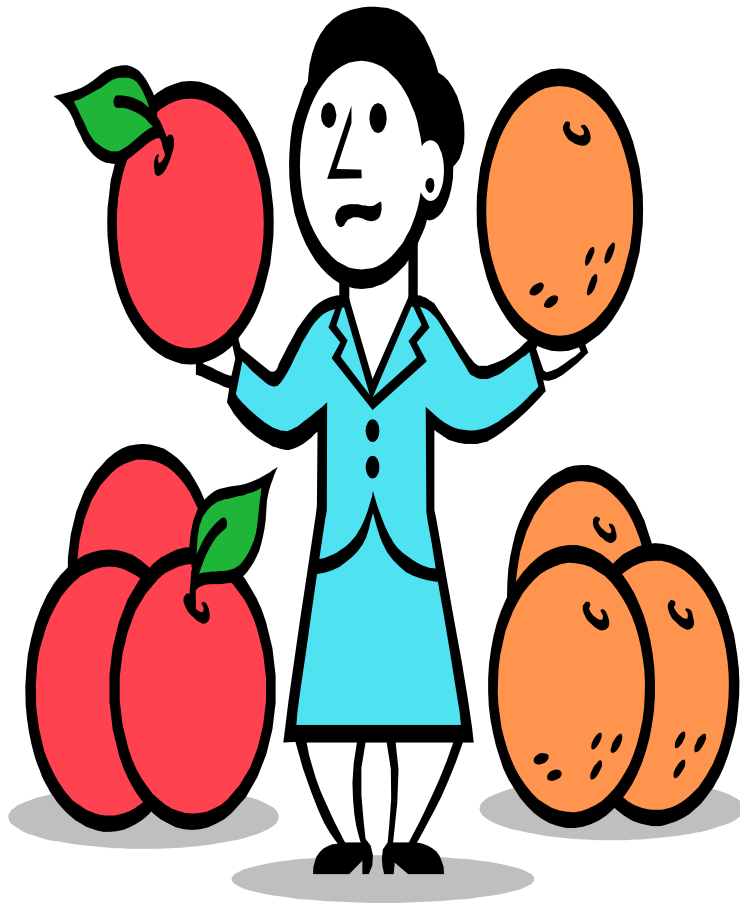
Dr. Mike Walden
Reynolds Distinguished
Professor
N.C. State Univ.

BETTER: PUBLIC SECTOR COSTS



Balancing costs (taxes)
and benefits (public
services)

ISSUE 1: STATE + LOCAL TAXES TOGETHER?



Yes, because states divide state and local functions differently – if not, an “apples and oranges” comparison

ISSUE 2: INCLUDE PUBLIC FEES?



Charges for direct benefits to an individual

Taxes: Used for “general” benefits

ISSUE 3: PEOPLE OR DOLLARS?



Taxes per capita

or

Taxes as a percent
of income

2005 RESULTS: TAXES PER CAPITA

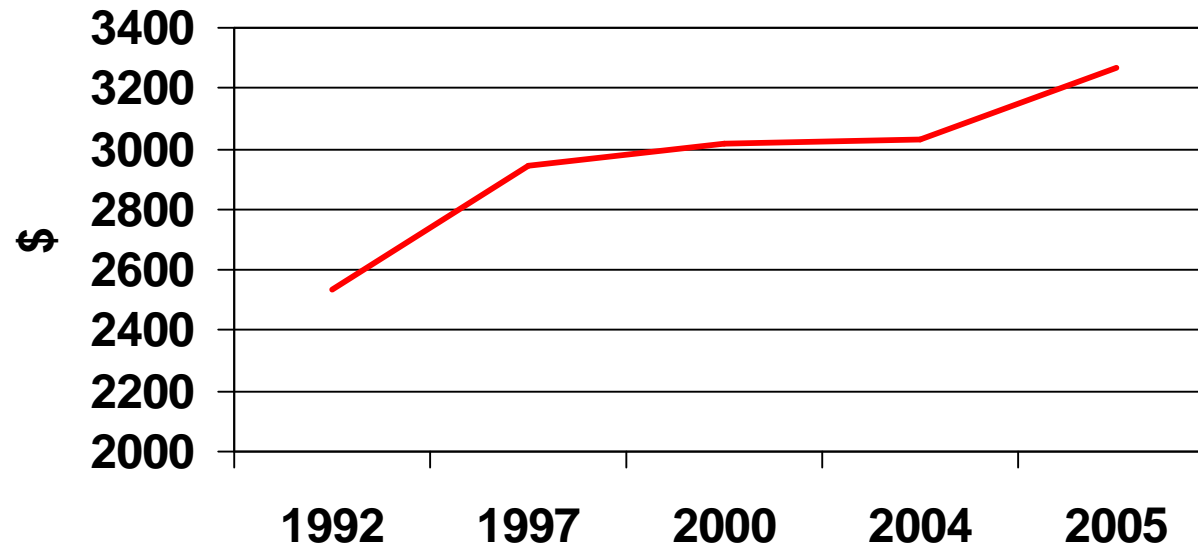


\$3268 per person

Ranked 30th highest
in nation

Behind VA, GA, FL
Ahead of SC & TN

N.C. State and Local Taxes Per Capita, 2005\$



2005 TAXES AS A % OF INCOME



10%

Ranked 28th in nation

GA: 9.8%

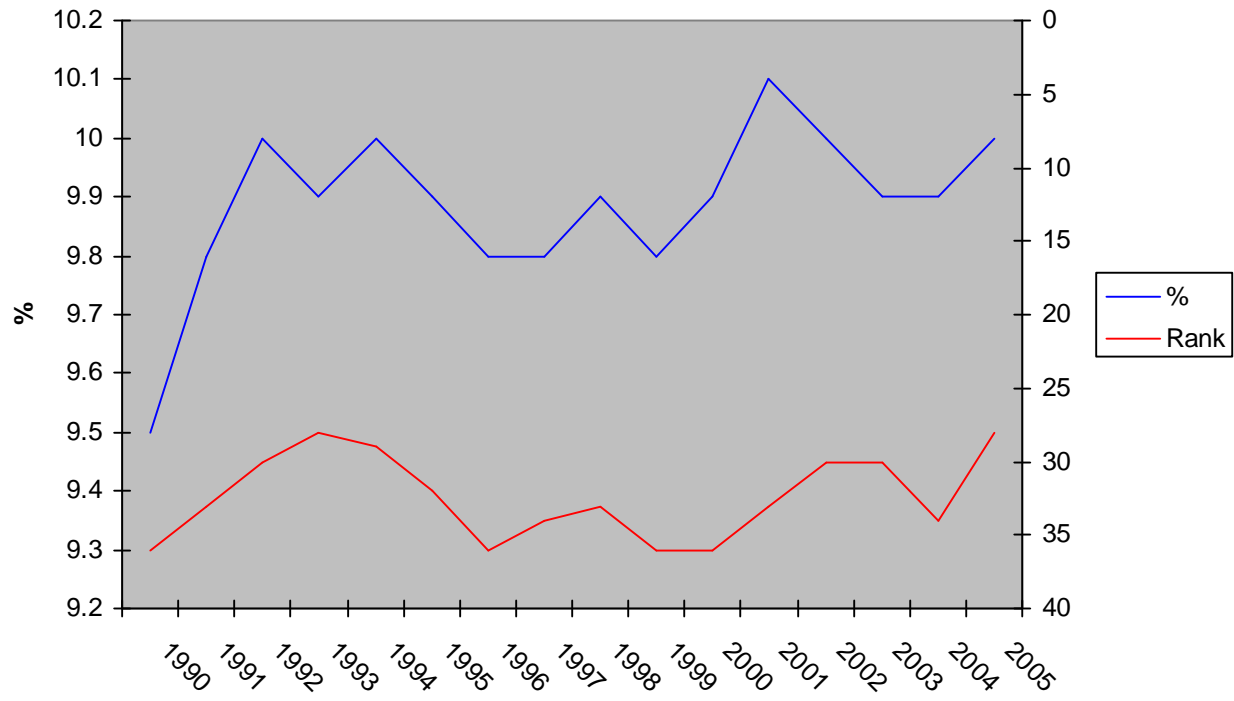
SC: 9.7%

VA: 9.7%

FL: 9.2%

TN: 8.3%

NC Taxes as a % of Income and National Rank



N.C. FEES AND CHARGES - 2004



Per capita: \$1038
Ranked 2nd in SE
(SC)

% of income: 3.6%
Ranked 2nd in SE
(SC)

SPECIFIC TAXES – PER CAPITA



Tax	Rank in SE (2004)
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Property	5
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Sales	5
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Indiv. Income	2
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Corp. Income	1
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Gas & Veh. Ls	3
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SPECIFIC TAXES - % OF INCOME



Tax	Rank in SE (2004)
Property	5
Sales	5
Indiv. Income	1
Corp. Income	2
Fuel & Veh. Ls.	T 1,2,3

BUT – TAXES CAN'T BE VIEWED IN ISOLATION



Studies show public spending on education, roads, and public safety can promote economic growth and counter impact of taxes

NC IS A LEADER IN “CORE” SPENDING



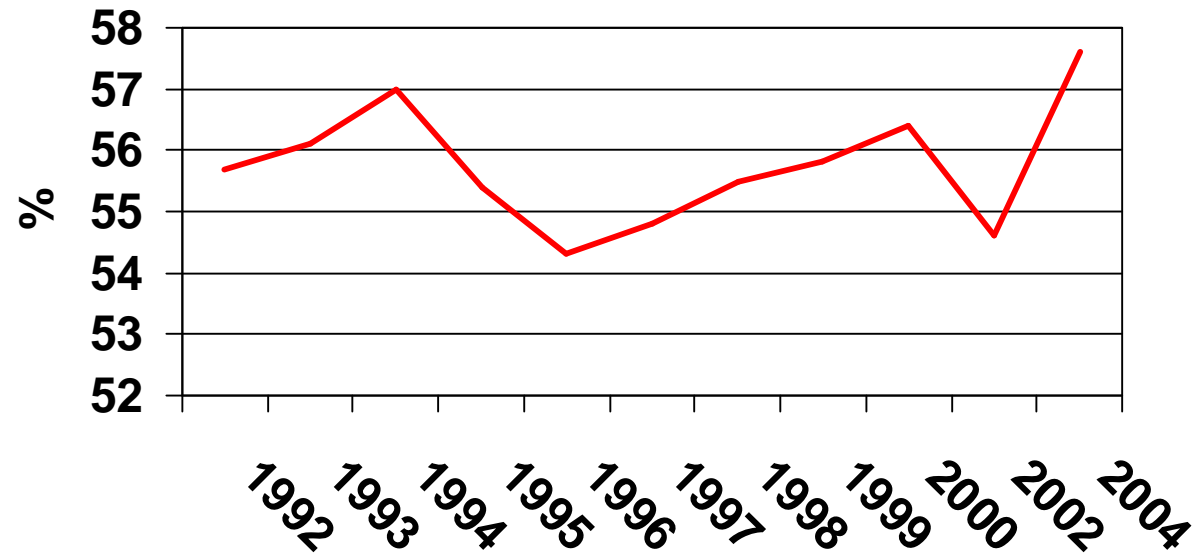
Public spending on
education, roads, and
public safety as a %
of own revenues, '04

NC: 58%

Nat'l aver.: 53%

NC is 2nd in SE

NC Core Spending as % of Total Own Spending



CONCLUSIONS



Rankings and comparisons of tax burden (public costs) are important

But consider in context of where public funds are spent