



A Bad Budget Deal for North Carolina

May 2026

The NC General Assembly leadership in the House and Senate are supporting a bad budget deal for North Carolinians.

Costs are rising for families and for the state, yet this deal would lock in tax cuts for the wealthy few and profitable corporations — even after official economists warned that tax cuts are leaving NC without enough revenue to maintain current services.

Here is what we know about the bad budget deal:

- A constitutional amendment will be put on the November ballot to cap the allowable income tax rate at 3.5 percent. This would lock in over a decade of tax cuts that give millionaires an average annual tax cut of \$122,000 and a windfall to out-of-state shareholders of profitable corporations.
- A constitutional amendment will be put on the ballot that will limit property tax increases in the future, blocking local governments from using their primary source of revenue to meet service demands unmet by the state legislature and Congress.
- It would shift the pace of personal income tax rate cuts over a longer time period but still land on a 2.49 percent rate after 2034. This will give the biggest breaks to the richest North Carolinians and make sales tax and fee increases for us all more likely.

Here is what we don't know about the bad budget deal:

- Beyond overdue teacher raises, there are few specifics about what the budget will fund. There is no clarity on how legislators will pay for future costs with lower income tax rates.
- There is no commitment in this agreement to make life more affordable by funding the child care, housing, health care and food assistance that support families and communities with rising costs and wages that don't keep up.
- The ballot question on the property tax doesn't tell voters what legislators will do, it just requires them to act. Lawmakers can act quickly to address unaffordable property tax bills for households with low and fixed incomes without an unnecessary ballot measure and change to the state constitution.

A BAD BUDGET DEAL FOR NORTH CAROLINIANS



It continues to award tax breaks to the wealthy few and profitable corporations while North Carolinians pay the price.



It keeps \$14 billion out of our communities on top of billions lost each year from decades of tax giveaways for the wealthy and profitable corporations, effectively widening the wealth gap.



It deepens NC's revenue shortfall and makes it harder to fund the services and investments that support quality of life across the state.



It makes no credible plan for a strong economic future for NC and no commitments to make life more affordable for everyone.



It ties lawmakers' hands in the future and prevents them from being accountable to their constituents.



It shift costs, leaving few options to local governments but to cut local services and shift costs onto families.