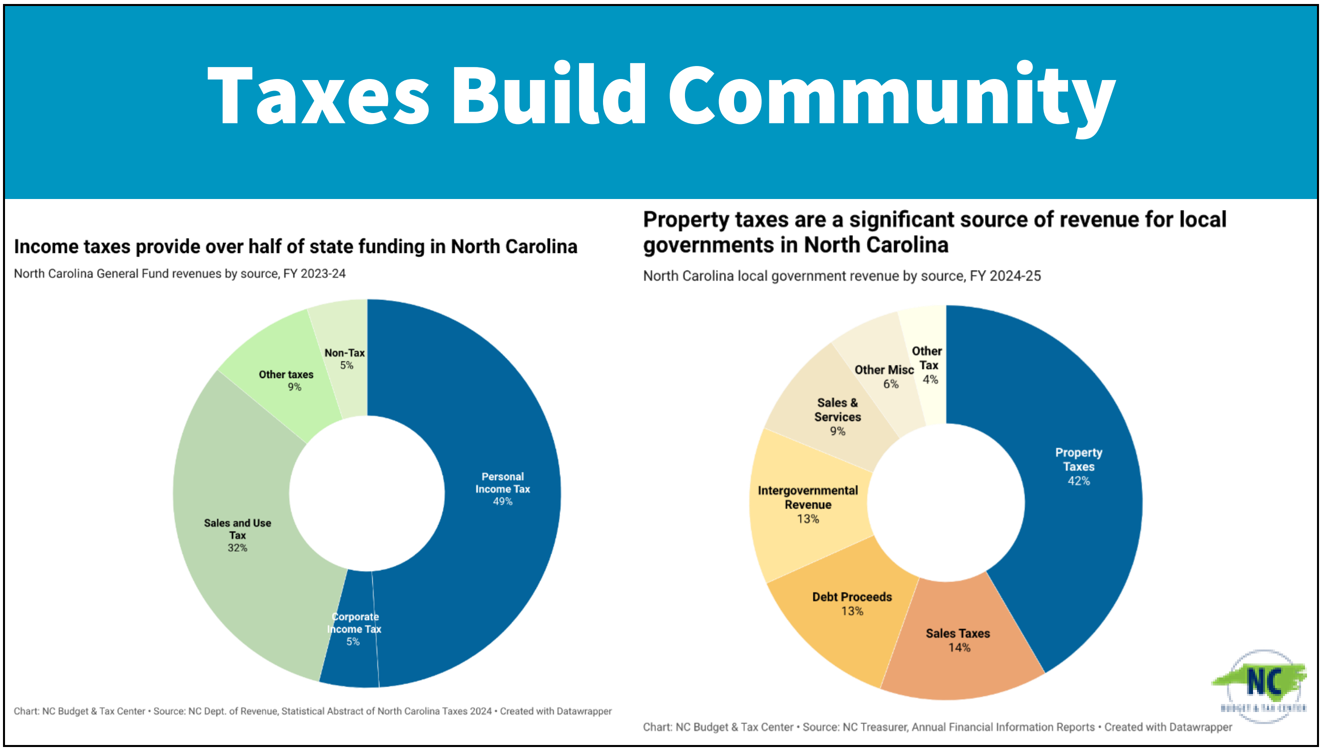
Have just 5 minutes?

Learn more and share information about the amendments on the ballot in November.

Tax Amendments:

Locking in tax cuts for corporations and the wealthy few, and higher costs for the rest of us

Hi everyone, my name is X and I am the X at the NC Budget and Tax Center. Thanks for having me with you today to talk about two tax-related constitutional amendments that will be on the ballot in November, and the harmful impact that they would have for NC communities if approved by voters. In particular, we'll see how these amendments would lock in tax cuts for corporations and the wealthy few, while shifting ever-higher costs onto local governments and regular North Carolinians. At the NC Budget & Tax Center we believe that budgets and fair tax policy can advance well-being and shared prosperity but it requires our policies to reflect the people's priorities not the interests of the wealthy few.



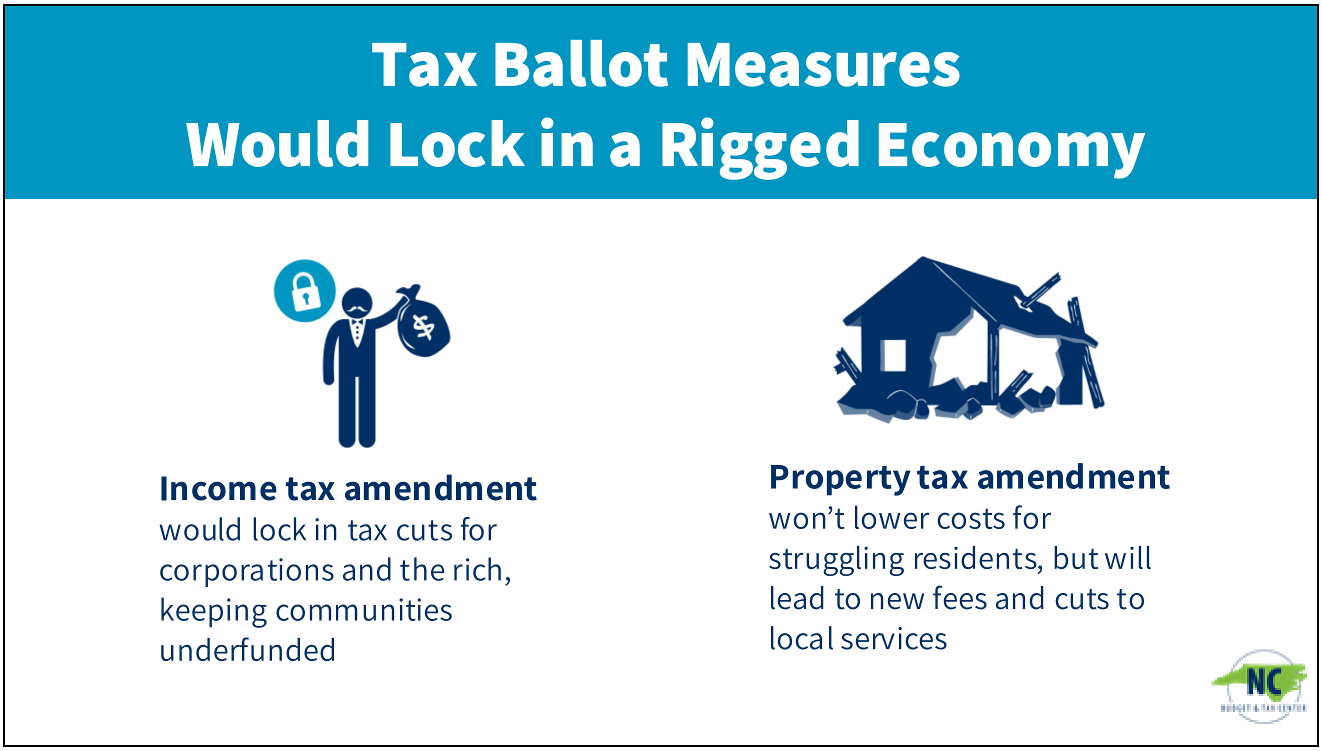
If you've interacted with the NC Budget & Tax Center's materials before, you know that taxes build community.

Taxes are the way that we come together to fund the things we can't fund on our own, but that we need to secure a high quality of life and the well-being that we all deserve -- not just now but for future generations.

Taxes at the state and local level are critical and INCOME tax at the state level and PROPERTY tax at the local level represent the greatest share of revenue that balance state and local budgets respectively.

Specifically, 49 percent of the funding in our state budget comes from the individual income tax, and another 5 percent comes from the corporate income tax. Meanwhile more than 40 percent of all county revenue statewide comes from the property tax.

Source for property tax: [Tax Amendments_Template.pptx]() and https://www.nctreasurer.gov/divisions/state-and-local-government-finance/lgc/local-fiscal-management/afir



So let's talk about these two amendments.

The income tax amendment would lock in tax cuts for profitable corporations and the wealthy few, while depriving our communities of the funding that we need, and shifting even higher costs of living onto families who are already struggling to keep up.

The property tax amendment will restrict the most important revenue source for local government at the same time that the state is dumping new, unfunded costs onto those governments, making it likely that counties will need to raise more revenue elsewhere through new fees, or enact cuts at the local level to basic service like education, public safety, and emergency response.

Together these tax ballot measures would lock in a rigged economy, one that isn't working for the vast majority of North Carolinians and and is growing income inequality.

Constitutional amendment would make **3.5%** the maximum allowable income tax rate for individuals and corporations

SECTION 2. The amendment set out in Section 1 of this act shall be submitted to the qualified voters of the State at the statewide general election to be held on November 3, 2026, which election shall be conducted in accordance with the laws governing elections at that time. The question to be used in the voting systems and ballots shall be:

"[ ] FOR [ ] AGAINST

Constitutional amendment to keep the State income tax rate from being raised higher than three and one-half percent (3.5%)."

The amendment would **lock in current tax** choices that are **harming NC communities**

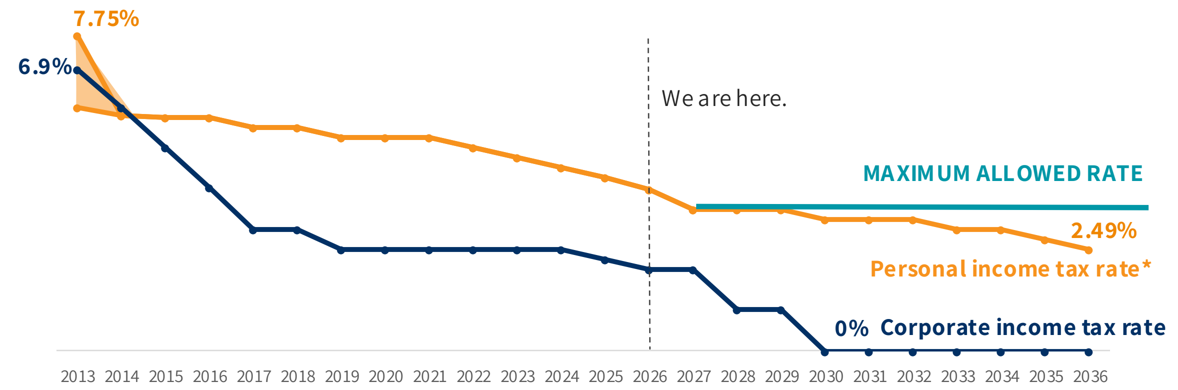
The income tax amendment would make 3.5% the maximum allowable income tax rate for individuals and corporations in the state constitution.

Specifically, voters will be asked to vote for or against a “Constitutional amendment to keep the state income tax rate from being raised higher than three and one-half percent.

North Carolina already has an income tax cap in the state constitution, which is set at 7 percent although currently being litigated.

The income tax amendment is NOT a tax cut.

Actual and scheduled personal and corporate income tax rates in North Carolina, 2013-2036



* After 2034, the personal income tax rate will be lowered based on state revenue hitting specific thresholds. This chart assumes those thresholds are met and the cuts go into effect. Source: [2026 Appropriations Act]

NCBudget.org

This new amendment would lower the cap to just 3.5 percent, but there would be no immediate effect on the taxes that individuals and corporate pay, since the personal rate is already set to decrease to 3.49 percent in 2027. And the corporate income tax rate is already just 2 percent and scheduled to be eliminated. So again, no immediate effect on rates, but what this amendment does is effectively locks in the current legislative majority's agenda of the past decade. As you can see that agenda gave tax breaks with a failed promise that it would help us get ahead. It didn’t, and now they want to make a more permanent change in our state Constitution.

The income tax amendment is UNNECESSARY and…

Locks in tax breaks for the wealthy and profitable corporations.

Shifts taxes and costs onto the rest of us

Puts funding for public schools, health, infrastructure at risk

So if this isn't a tax cut and the rate will already be below this cap in current law, the income tax amendment is an UNNECESSARY change.

What it does do is:

1. Lock in tax breaks for the wealthy and profitable corporations. Since 2013, about 40% of the total value of tax cuts have wound up in the pockets of just the richest 5% of households. Those households have annual incomes of about $325,000 and up.
2. With those tax cuts locked in, the amendment shift a heavier tax load onto everyone but the very rich. That's because costs won't disappear and the taxes that legislators in the future will have to raise will be sales tax or fees which asks more of those with middle and low incomes.
3. Finally, this lost revenue puts funding for public schools, health and infrastructure at risk.

Constitutional amendment on property tax

SECTION 2. The amendment set out in Section 1 of this act shall be submitted to the qualified voters of the State at the statewide general election to be held on November 3, 2026, which election shall be conducted in accordance with the laws governing elections at that time. The question to be used in the voting systems and ballots shall be:

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Constitutional amendment requiring limits on property tax increases by local governments."

The specific limit would be up to state lawmakers, but some version of **levy limit** is most likely, putting a **hard cap** on the total amount of property taxes a county can collect in a particular year.

OK, so now lets talk about what exactly the property tax amendment is likely to say on the ballot. Voters will simply be asked to vote for or against a constitutional amendment requiring limits on property tax increases by local government.

So it is very vague, it is not at all clear what the specific limit would be or how it would be designed.

If the amendment is approved by voters it then goes back to state lawmakers to decide what the specific limit would be. But we do know it most likely that those lawmakers would adopt something called a levy limit, which puts a hard cap on year-over-year growth in property tax collections.

The property tax amendment DOES NOT address drivers of property tax increases.

Rapid increases in housing values driven by a **shortage of housing** compared to demand

Infrequent assessments when housing values are growing mean homeowners can see big jumps in taxes after an assessment

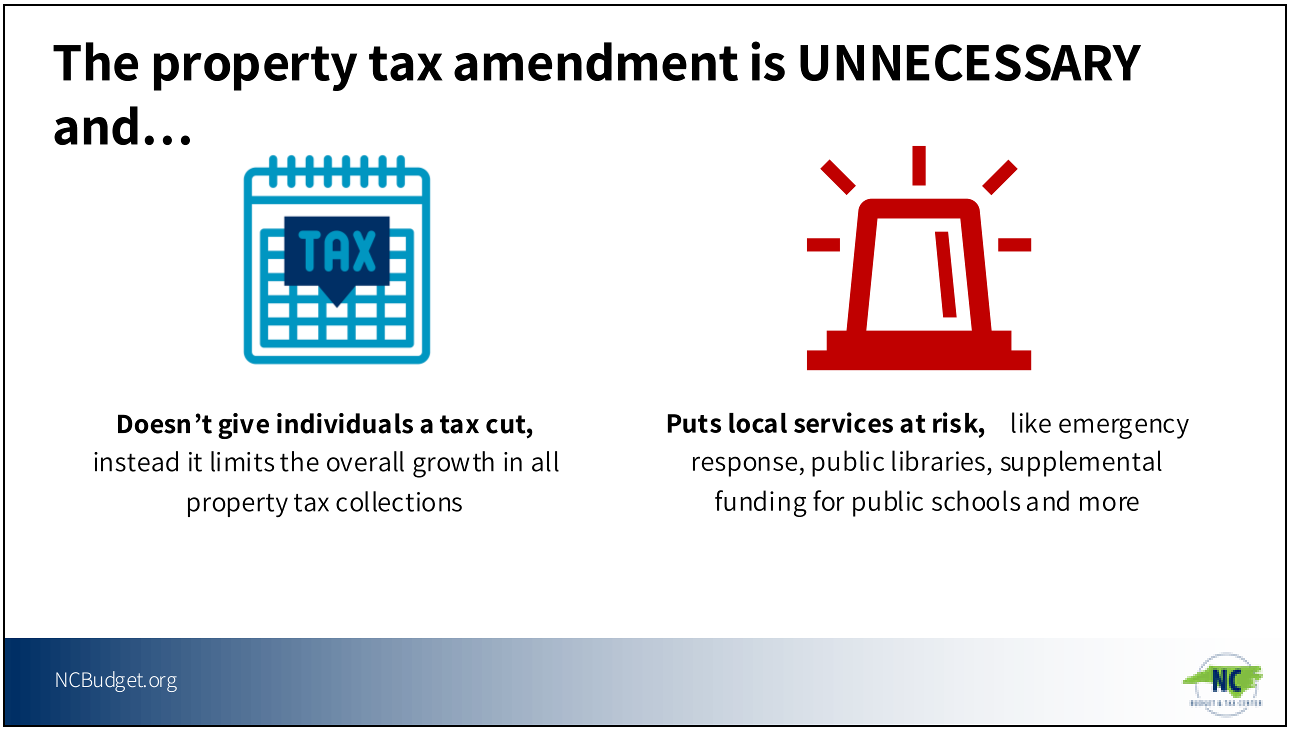
Tax breaks for large developments and commercial properties puts more pressure on other payers

The property amendment DOES NOT address the drivers of property tax increases.

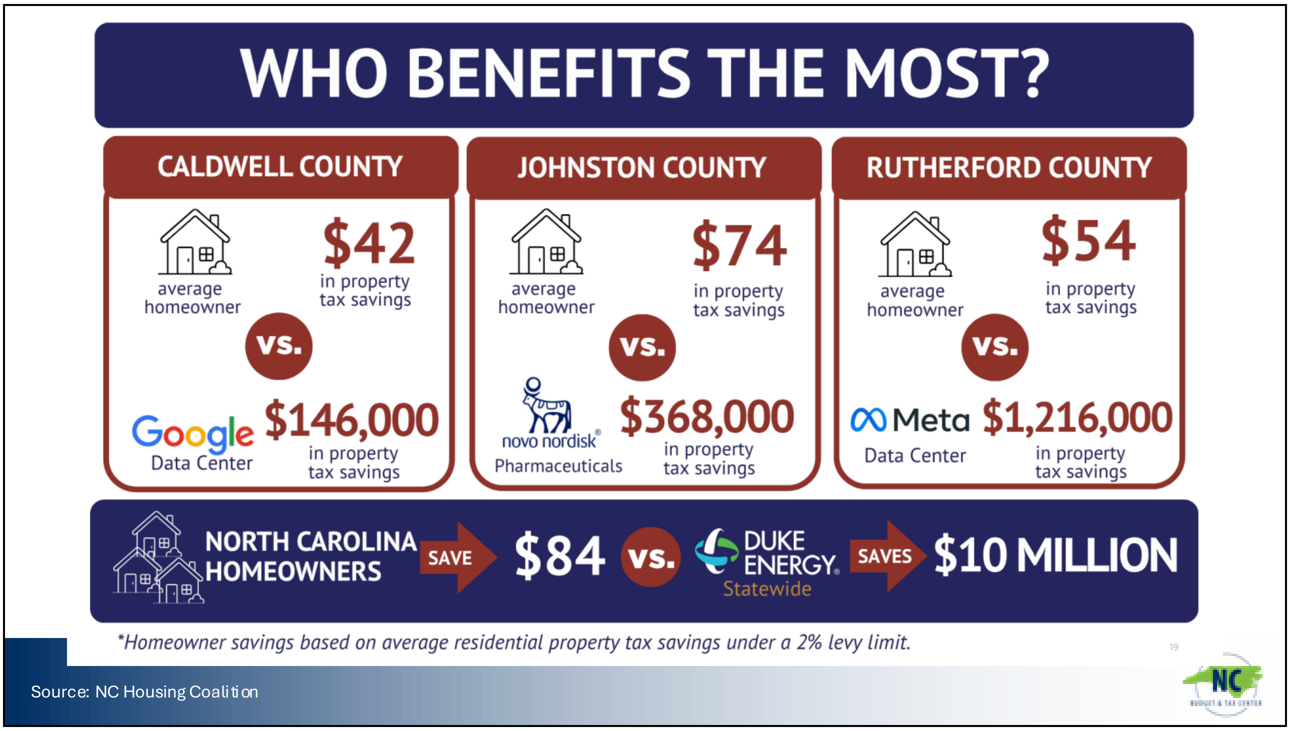
Your property tax bill is the result both of the property tax rate that elected leaders choose, and the value of your property, which is supposed to be the market value, or the amount of money that you could sell your property for.

In North Carolina, we've seen rapid increases in housing values driven by a shortage of housing compared to demand. In other words, not enough housing is getting built for the number of people who want to buy homes, so the housing that is available is quickly becoming very valuable. It's also the case that many counties conduct their property assessments very infrequently. They might only assess or estimate the value of properties once every eight years. If housing values are growing, homeowners can see big jumps in taxes after that assessment.

Finally, researchers have found that large developments and commercial properties are often under-assessed – or estimated to be less valuable than they actually are. They may also receive property tax exemptions. When that happens and those property owners aren't paying their fair share, it puts more pressure on other payers and drives up their final bill. There are public policies available to address each of these issues, but the property tax amendment does not address these underlying causes of rapid increases in taxes.


The property tax amendment is UNNECESSARY and…
Doesn’t give individuals a tax cut, instead it limits the overall growth in all property tax collections
Puts local services at risk, like emergency response, public libraries, supplemental funding for public schools and more
NCBudget.org
NC

READ SLIDE



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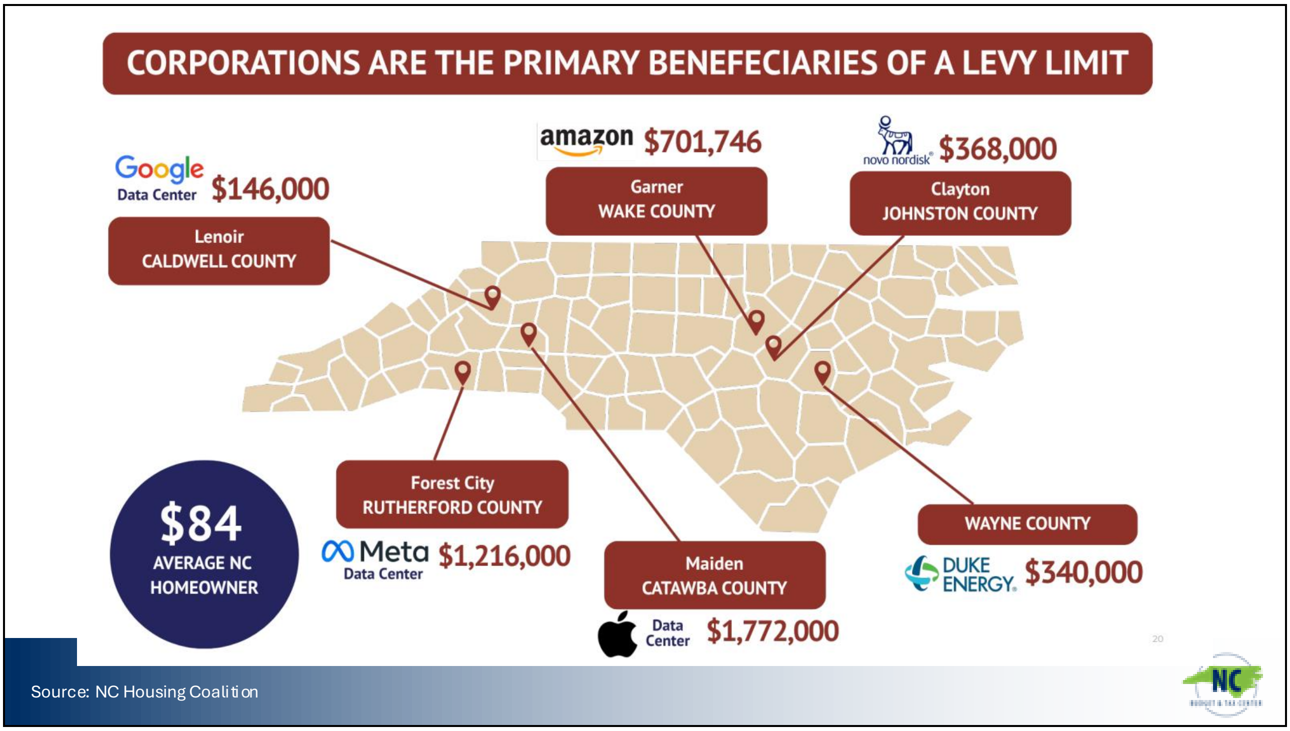

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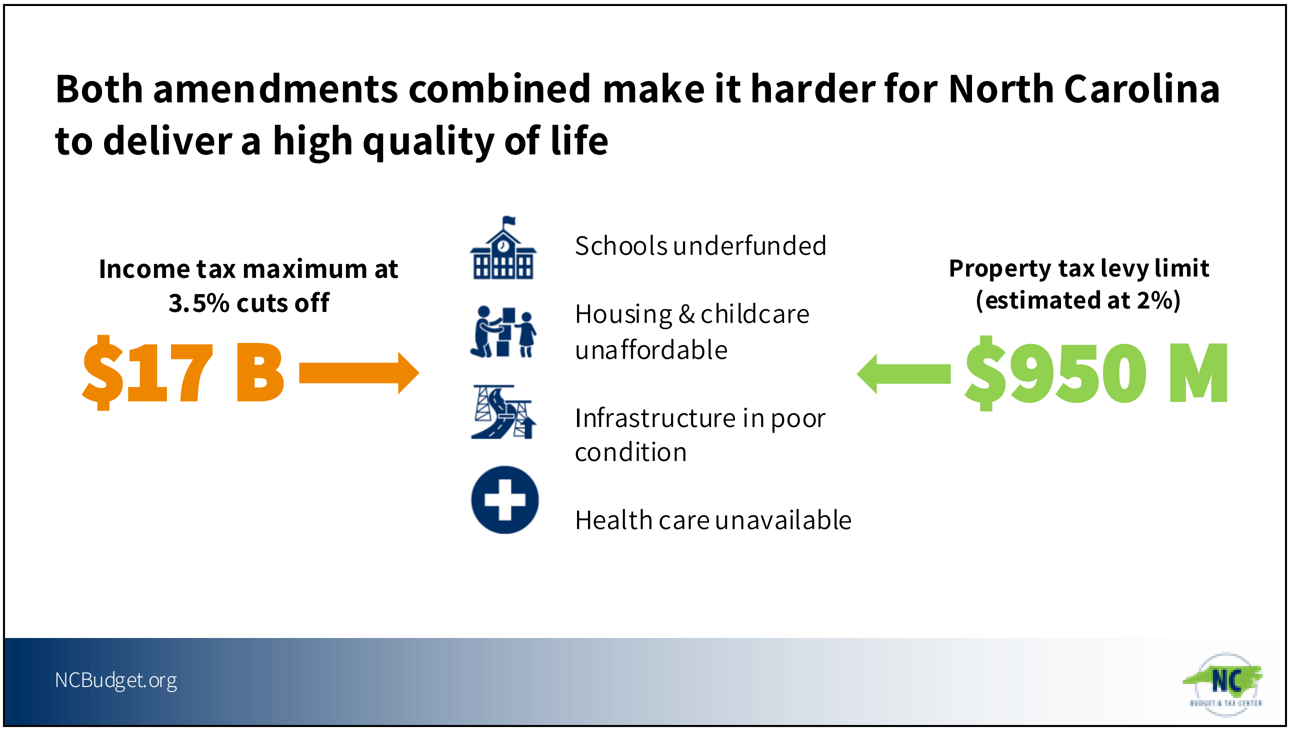


Crucially, the income tax amendment would make it much harder for NC to provide adequate public services that help all of us get ahead. By lowering the income tax cap from 7 percent to 3.5 percent, this amendment would block our state from generating about $17 billion in annual public revenue from corporate and personal income taxes — an amount that will grow over time .As we've talked about, NC families are already seeing the impacts of keeping taxes low for the wealthy few and profitable corporations. With an adequate and fair tax code, our state could address these issues and make life easier for us all, but a 3.5 percent income tax cap would make that all but impossible.

On the property tax amendment, estimates of just county revenue losses and the largest municipalities suggest that this could reduce local revenue by at least $1 billion.

Together what will get squeezed is our quality of life, well0being and communities.

Instead we can fund the future

Care for the well-being of all families with affordable childcare and health care

Connect people to opportunity to earn, learn and make ends meet through public K-12, UNC and community college system

Build affordable housing and address unaffordable property tax bills for those with low and fixed incomes through true property tax relief

We know that tax policy choices matter and we know that we can come together to choose something better for our families, neighbors and state. We can fund the future if we have the ability to choose to raise taxes on millionaires or line our tax code up to that of our neifhbors. Those choices should be ours and future voters to make through the policy process and more frequent opportunities to weigh in on who we want to represent us. It shouldn't be locked in to our state Constitution.

15 to 20 MINUTE VERSION

Note: Hidden slides are more "optional." In other words, you can include some or all of those slides if you have closer to 20 minutes, but exclude if you have closer to 15 minutes.

Tax Amendments:

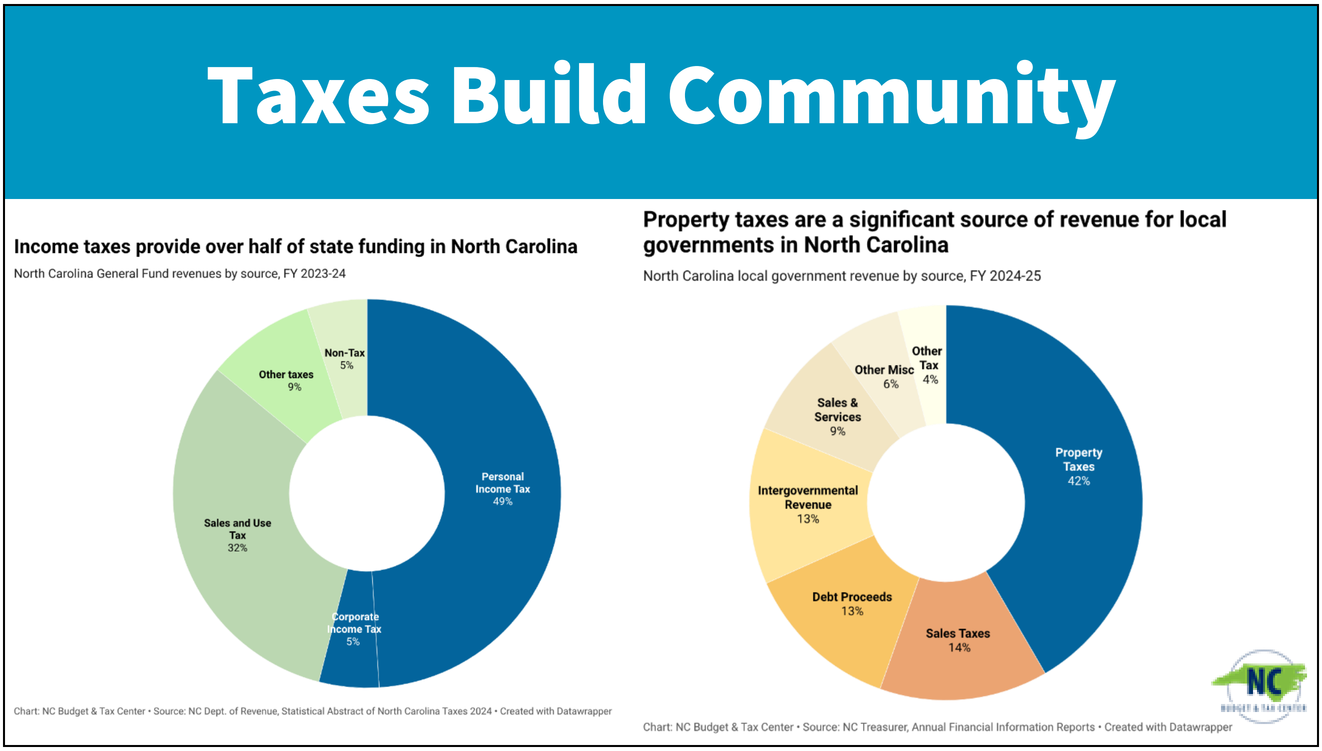
Locking in tax cuts for corporations and the wealthy few, and higher costs for the rest of us

Hi everyone, my name is X and I am the X at the NC Budget and Tax Center. Thanks for having me with you today to talk about two tax-related constitutional amendments that will be on the ballot in November, and the harmful impact that they would have for NC communities if approved by voters. In particular, we'll see how these amendments would lock in tax cuts for corporations and the wealthy few, while shifting ever-higher costs onto local governments and regular North Carolinians.

About the NC Budget & Tax Center

We are a non-profit, non-partisan organization that documents and analyzes fiscal and economic conditions in partnership with community leaders and North Carolinians with lived experience of poverty to advance public policy that delivers anti-racist outcomes.

If you aren't familiar with the NC Budget & Tax Center, we are a non-profit, non-partisan organization that documents and analyzes fiscal and economic conditions in North Carolina. We do this work in partnership with community leaders and people who have lived experience of poverty. Our mission in this work is to advance public policies that deliver anti-racist outcomes and create the conditions for all North Carolinians to thrive, to matter who they are or where they come from.



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Specifically, 49 percent of the funding in our state budget comes from the individual income tax, and another 5 percent comes from the corporate income tax. Meanwhile more than 40 percent of all county revenue statewide comes from the property tax.

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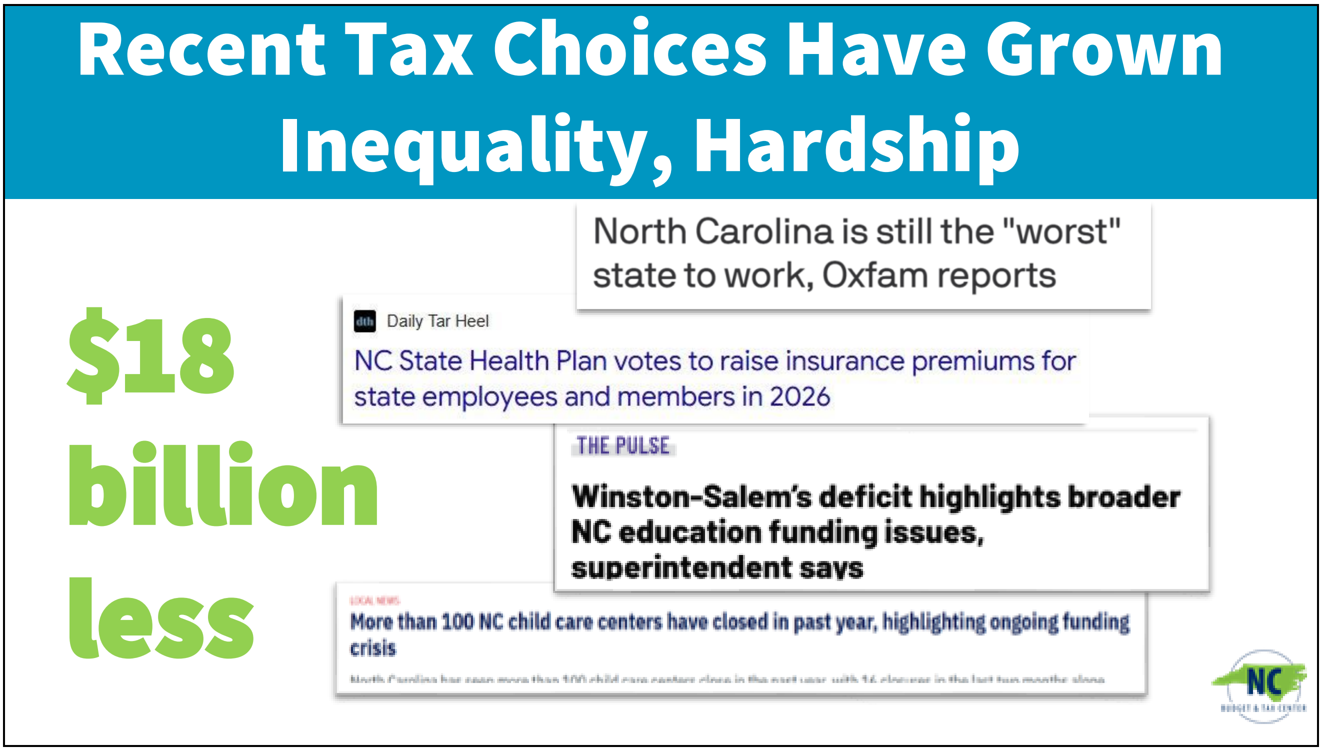


In our daily lives, as well as in these headlines, we can see just how these tax cuts have shifted costs onto our families and our local governments. As a consequence of this decade plus of repeated tax cuts, NC today has $18 billion less in annual revenue to fund well-being priorities. Put differently, if we still had those 2013 tax rates in place, we would have an additional $18 billion to spend this year (2026!) in our state budget. Without that $18 billion available to invest in things like health and education, costs simply get passed along.

For example:

[read off examples]

Tax Ballot Measures
Would Lock in a Rigged Economy

Income tax amendment
would lock in tax cuts for corporations and the rich, keeping communities underfunded

Property tax amendment
won't lower costs for struggling residents, but will lead to new fees and cuts to local services

First, we'll talk together about the income tax amendment, what it does, and the harmful impacts it would have by locking in tax cuts for profitable corporations and the wealthy few, while depriving our communities of the funding that we need, and shifting even higher costs of living onto families who are already struggling to keep up.

Next we'll turn to the property tax amendment. We know that too many people are struggling with housing costs, but we'll see how this amendment would NOT help those households. Lawmakers could have chosen to provide that targeted relief, but instead this amendment will restrict the most important revenue source for local government at the same time that the state is dumping new, unfunded costs onto those governments, making it likely that counties will need to raise more revenue elsewhere through new fees, or enact cuts at the local level to basic service like education, public safety, and emergency response.

So we'll begin with the Income Tax Amendments. This amendment would lock in those income tax cuts that we've been talking about today, and would keep our communities unfunded for the long term.

Constitutional amendment would make **3.5%** the maximum allowable income tax rate for individuals and corporations

SECTION 2. The amendment set out in Section 1 of this act shall be submitted to the qualified voters of the State at the statewide general election to be held on November 3, 2026, which election shall be conducted in accordance with the laws governing elections at that time. The question to be used in the voting systems and ballots shall be:

"[ ] FOR [ ] AGAINST

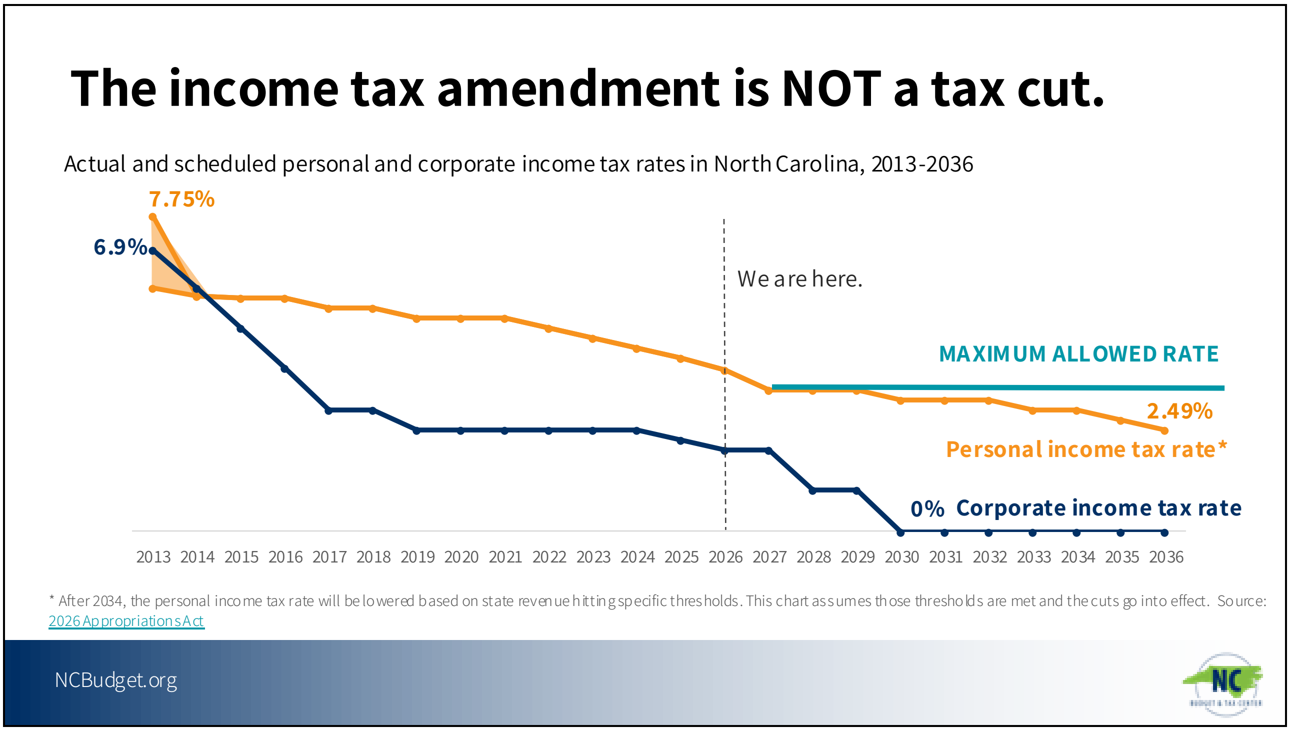
Constitutional amendment to keep the State income tax rate from being raised higher than three and one-half percent (3.5%)."

The amendment would **lock in current tax** choices that are **harming NC communities**

Alright, so what would this amendment actually do? It would make 3.5% the maximum allowable income tax rate for individuals and corporations in the state constitution.

Specifically, voters will be asked to vote for or against a “Constitutional amendment to keep the state income tax rate from being raised higher than three and one-half percent.

North Carolina already has an income tax cap in the state constitution, which is set at 7 percent. But current income tax rates are far below that cap. This new amendment would lower the cap to just 3.5 percent.



There would be no immediate effect on the taxes that individuals and corporate pay, since the personal rate is already set to decrease to 3.49 percent in 2027. And the corporate income tax rate is already just 2 percent and scheduled to be eliminated. So again, no immediate effect on rates, but what this amendment does is locks North Carolina into the current tax choices that have been harming our communities, blocking future voters and future lawmakers from making different choices.

It effectively locks in the current legislative majorities agenda of the past decade plus to give tax breaks with a failed promise that it would help us get ahead. It didn't and now they want to make a more permanent change in our state Constitution.

Property Tax Amendment

Won’t lower costs for struggling residents, but will lead to new fees and service cuts

That brings us to the property tax amendment. Like the income tax amendment, we’ll see that this amendment won’t provide meaningful help to folks who are struggling with housing costs. Instead, it is likely to lead to new fees and service cuts at the local level. It would also deliver property tax breaks for commercial properties that don’t need it, while doing very little those homeowners who do need help.

Constitutional amendment on property tax

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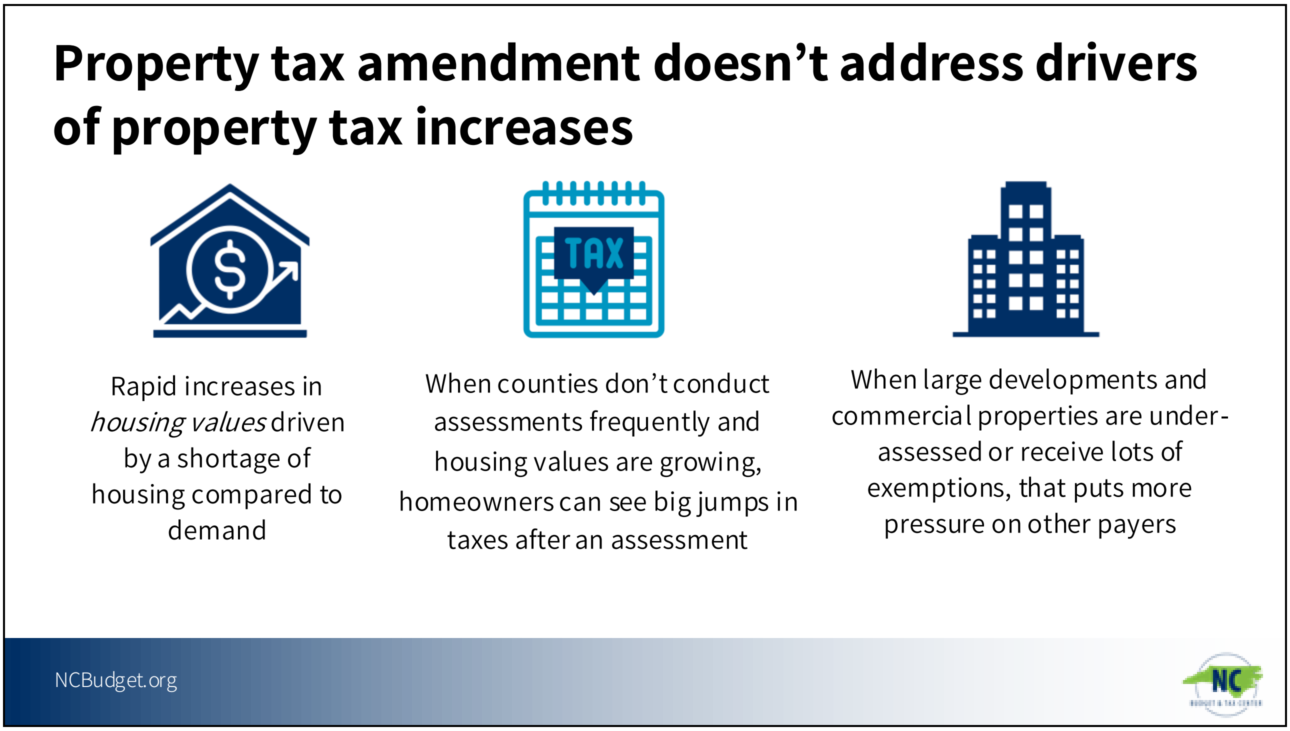
Constitutional amendment requiring limits on property tax increases by local governments."

The specific limit would be up to state lawmakers, but some version of **levy limit** is most likely, putting a **hard cap** on the total amount of property taxes a county can collect in a particular year

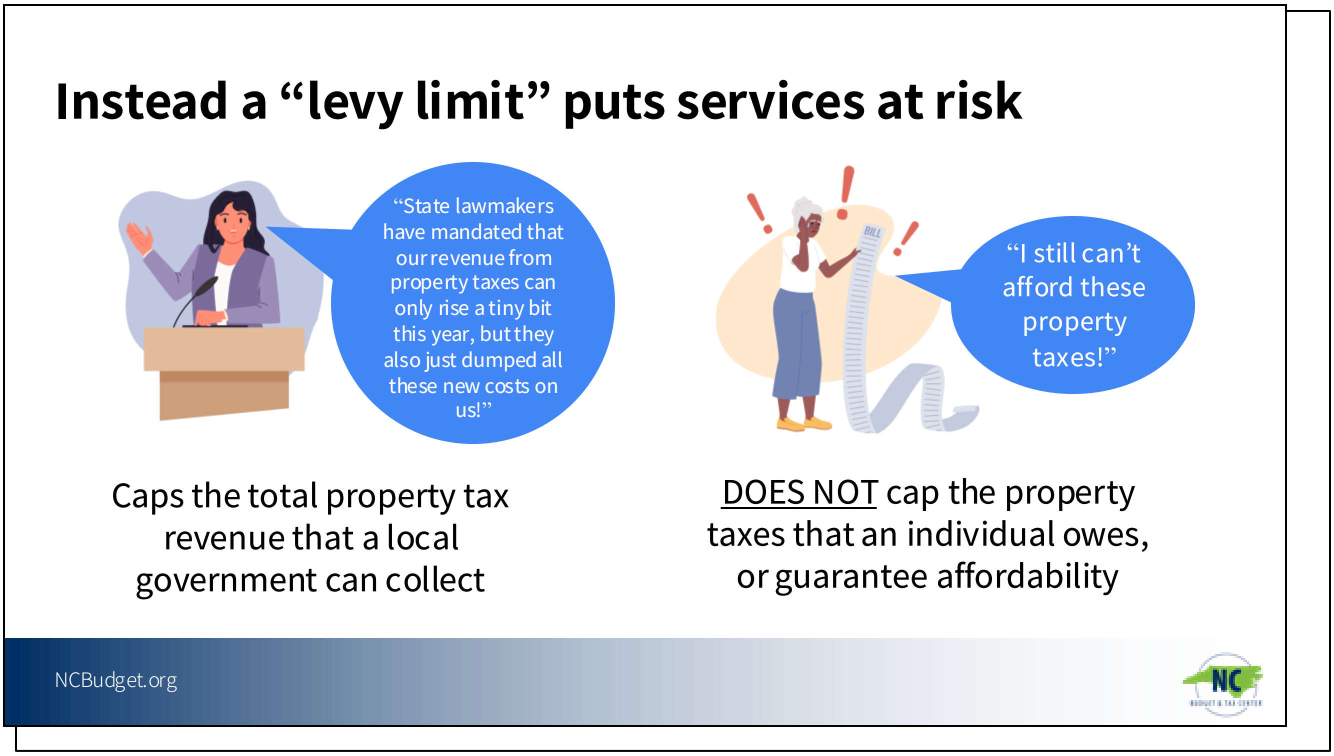
OK, so what exactly does the property tax amendment say? Voters will simply be asked to vote for or against a constitutional amendment requiring limits on property tax increases by local government. So it is very vague, it is not at all clear what the specific limit would be, and if this amendment is approved by voters it then goes back to state lawmakers to decide what the specific limit would be. But we do know it most likely that those lawmakers would adopt something called a levy limit, which puts a hard cap on year-over-year growth in property tax collections.



So, we know property taxes are important for local governments, but we also know that some people have been struggling with rapid increases in their property taxes, and its important to understand what causes that. Your property tax bill is the result both of the property tax rate that elected leaders choose, and the value of your property, which is supposed to be the market value, or the amount of money that you could sell your property for.

In North Carolina, we've seen rapid increases in housing values driven by a shortage of housing compared to demand. In other words, not enough housing is getting built for the number of people who want to buy homes, so the housing that is available is quickly becoming very valuable. It's also the case that many counties conduct their property assessments very infrequently. They might only assess or estimate the value of properties once every eight years. If housing values are growing, homeowners can see big jumps in taxes after that assessment.

Finally, researchers have found that large developments and commercial properties are often under-assessed – or estimated to be less valuable than they actually are. They may also receive property tax exemptions. When that happens and those property owners aren't paying their fair share, it puts more pressure on other payers and drives up their final bill. There are public policies available to address each of these issues, but the property tax amendment does not address these underlying causes of rapid increases in taxes.



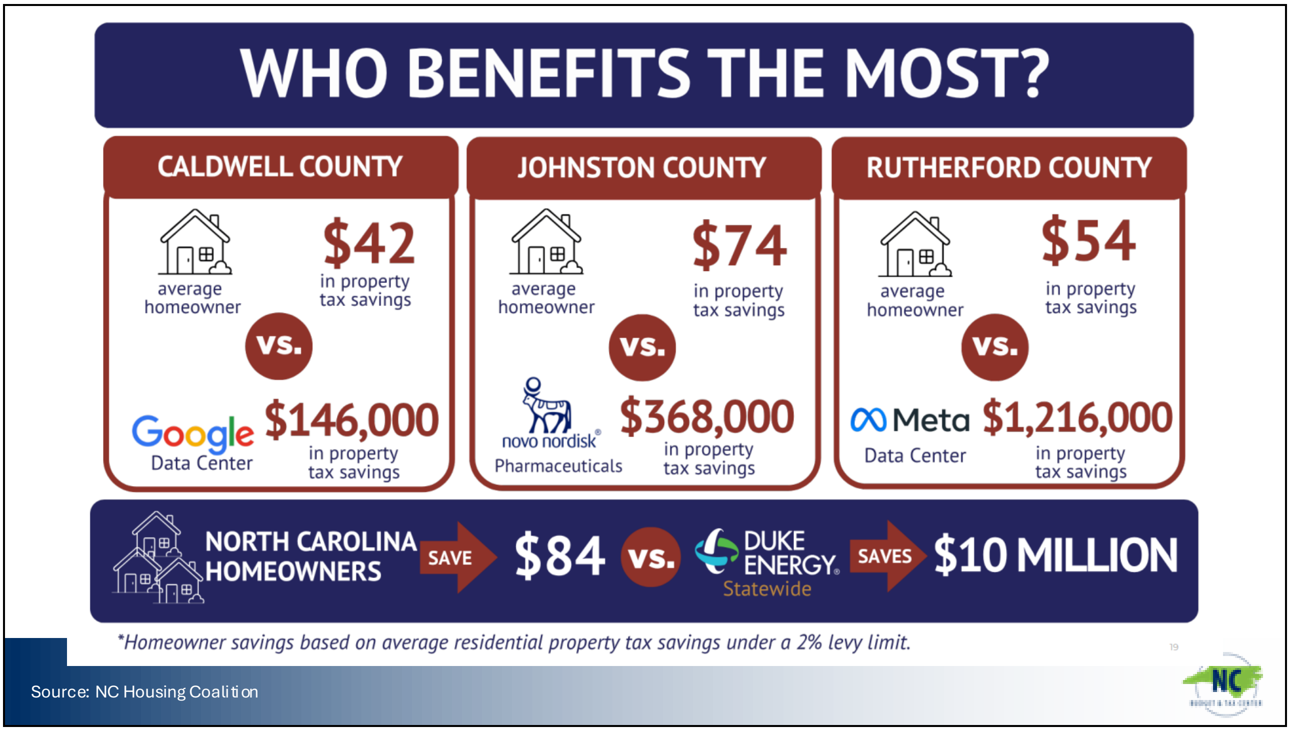
So what does a levy limit do, and not do? A levy limit effectively caps the total property tax revenue that a local government can collect. Again, we don't know the exact limit that lawmakers will chose if this amendment is approved by voters, but let's pretend lawmakers pass a 2.5% levy limit. That means total property tax collections can only grow 2.5% from the last year, excluding any new construction that's happened in the county. So if last year a county collected $1,000,000 from existing properties, this year they can collect no more than $1,025,000 from those properties.

What does this look like for local leaders on the ground? As the cartoon says here, "state lawmakers are mandating that our revenue from property taxes can only rise a tiny bit this year, but they also just dumped all these new costs on us." In other words, under a levy limit, state lawmakers will limit local elected officials to a small increase in revenue that is extremely unlikely to be enough to cover 1) the county's rising costs due to inflation, 2) the revenue limit is unlikely to compensate for chronic state underfunding of public education and other priorities, 3) and it will likely prevent counties from covering new, unfunded mandates from the federal and state level. As one example of those unfunded mandates, the state will now require counties to absorb the increased costs for SNAP, or food assistance, a federal program that Congress has recently enacted deep cuts to.

So the limit is at the county level – unlike other relief program, a levy limit does NOT cap an individual's property taxes. Your bill could still increase sharply or be unaffordable based on your income, due to factors outside of your control that we talked about earlier, like rapid increases in housing values. There are policies that are possible address unaffordability for an individual that can cap property taxes at, for example, 5% of income, but the NCGA would have to expand and fund those policies and they have chosen not to.

Property taxes are used to fund basic, local services that create safe and healthy conditions for people to live. It is precisely these services that will be at risk when local leaders are not able to raise the money they need to cover expenses.

For example, a levy limit puts at risk the ability to sustain emergency and law enforcement services. It also puts at risk the ability to fund services that connect people to opportunity and improve their quality of life, like libraries; streets, sidewalks, and streetlights; and public schools buildings and teachers (whose pay is partly funded with local dollars). Those local supplements to teacher salaries are really important for counties to be able to attract and retain teachers when the base pay from the state is so low.



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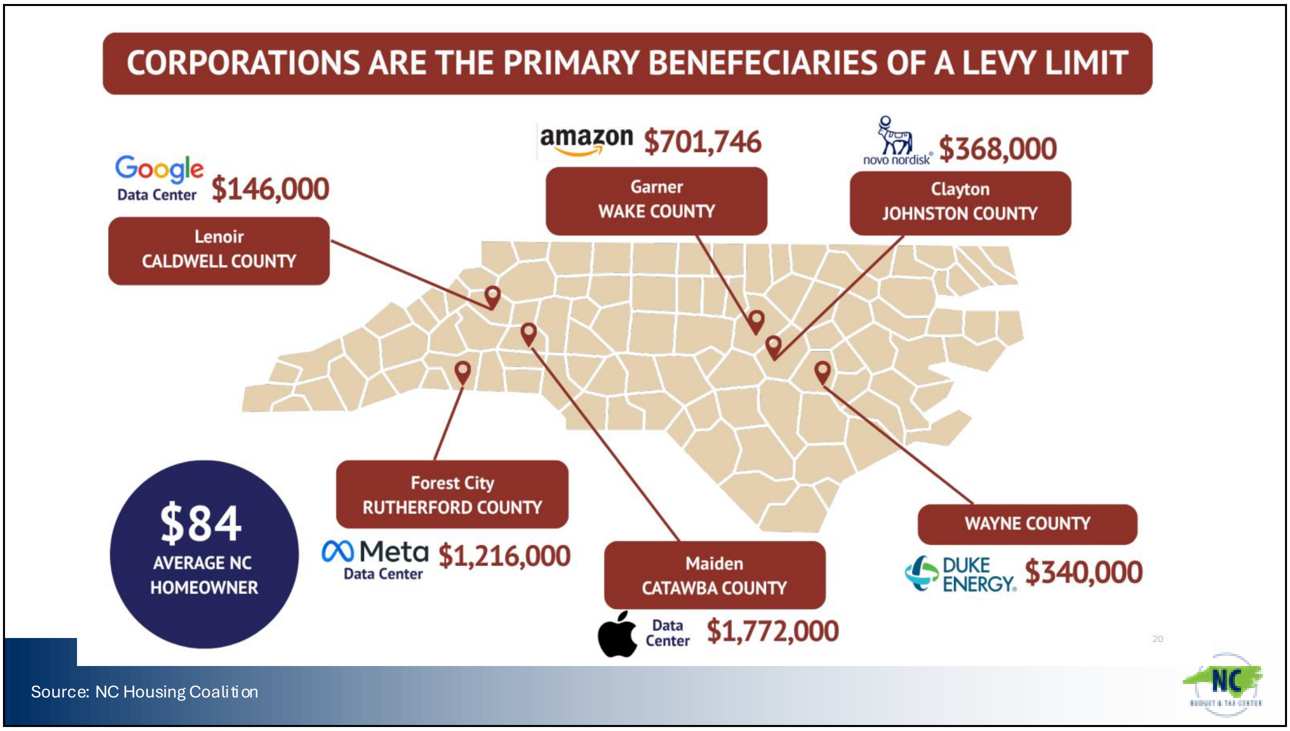

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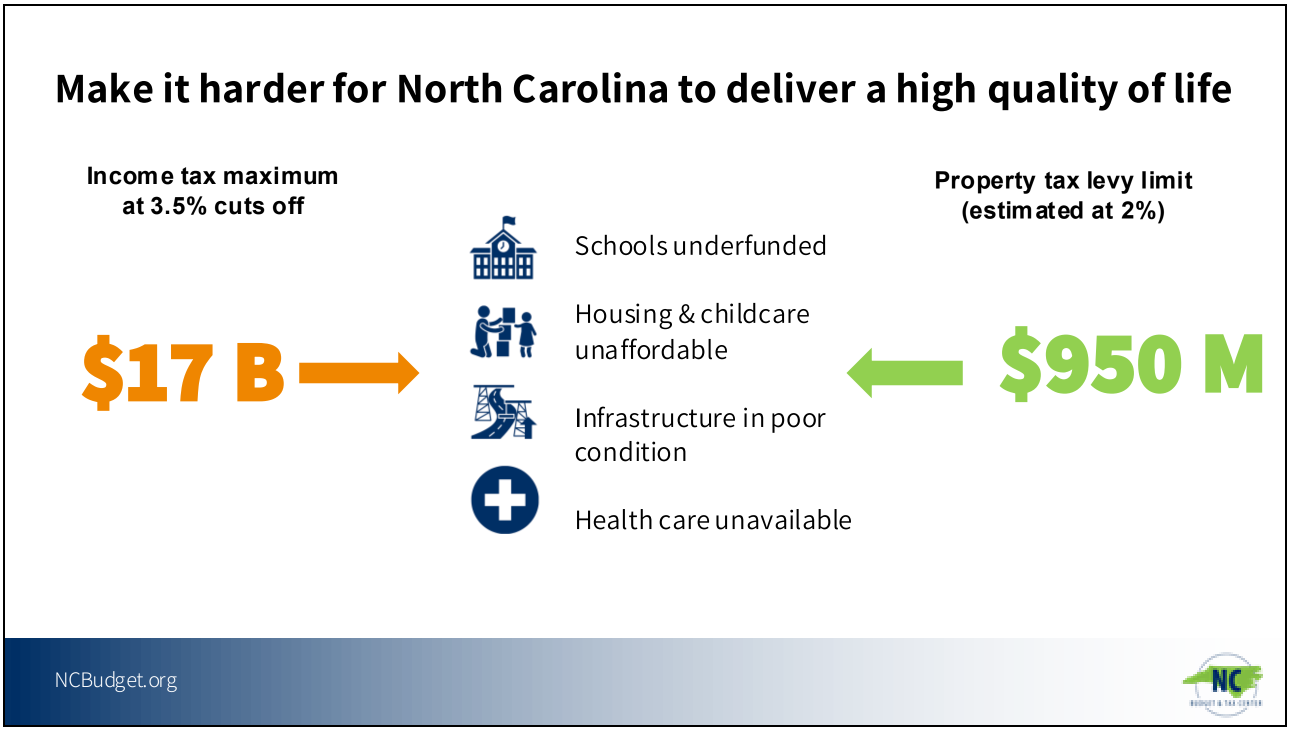


Crucially, the income tax amendment would make it much harder for NC to provide adequate public services that help all of us get ahead. By lowering the income tax cap from 7 percent to 3.5 percent, this amendment would block our state from generating about $17 billion in annual public revenue from corporate and personal income taxes — an amount that will grow over time. Meanwhile, estimated for the NC Housing Coalition show that a levy limit could block local governments across the state from generating almost $1 billion in local revenue from property taxes. As we've talked about, NC families are already seeing the impacts of keeping taxes low for the wealthy few and profitable corporations. With an adequate and fair tax code, our state could address these issues and make life easier for us all, but these amendments would make that all but impossible.

We've seen that the income tax amendment and property tax amendment won't deliver the affordability and well-being that people are asking for. But we do know that different tax policy choices are possible, and that we can fund a better future in NC. When corporations and the wealthy few pay what they owe in taxes, we'll be able to:
-connect ppl to opportunity...
-care for the well-being of all families...
-Build affordable housing...

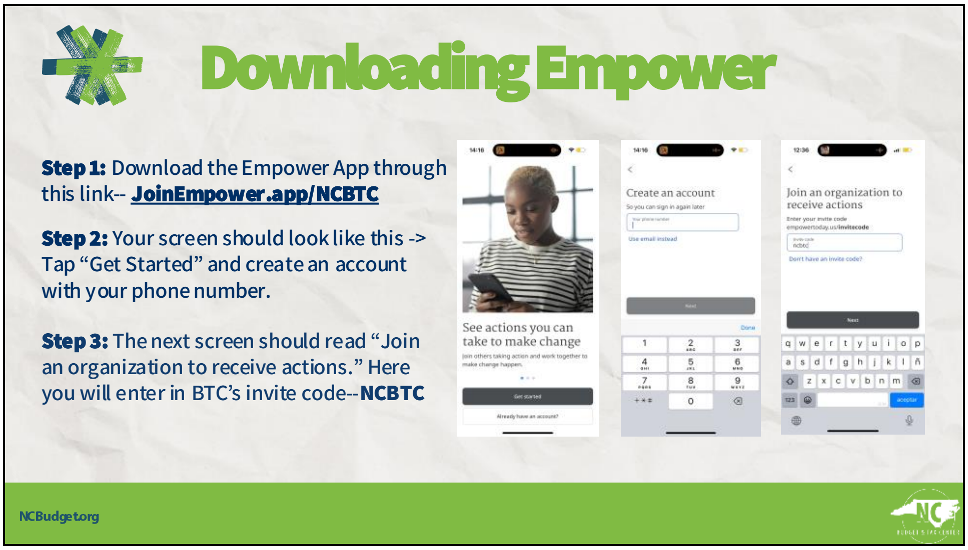
What questions do you have?

Sign up for Empower!

- Help BTC on our mission to educate voters across the state about the Constitutional Amendments on our ballot this November
- Download the Empower app on your phone by scanning this QR code or using the link, **JoinEmpower.app/NCBTC**
- Here's a visual guide on how to download and navigate Empower-- **Canva.link/EmpowerGuide**

Joinempower.app/ncbtc

As we educate our communities about these amendments, it's really important that folks are hearing from trusted messengers who they know. That's where Empower comes in. When you join Empower, you'll be given really easy steps for reaching out to YOUR personal contacts, who may not have even heard about these amendments, or who may have heard about them but are confused about their impacts. Those friends, family, neighbors, they need to heard from YOU. And empower will help you do that and will let us track our efforts together. So you'll have these slides and we will send this out in our follow-up resources, but please please join Empower and help us talk to every North Carolinian that we can.



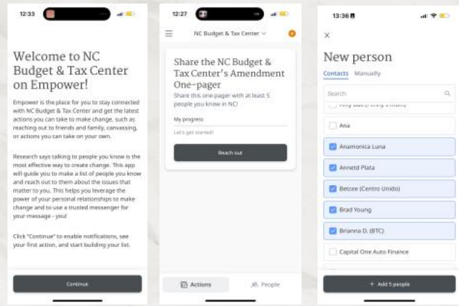
- Empower link to join: Joinempower.app/ncbtc
- Visual guide for downloading and navigating Empower: Canva.link/empowerguide

Downloading Empower

Step 4: A welcome page from the NC Budget & Tax Center should appear on your screen!

Step 5: Tap "Continue" and allow notifications

Step 6: To begin sharing the one-pager, tap the "Reach Out" button and you'll be navigated to your "Personal List" where you'll add your first 5 contacts and complete your first assignment!



Give us your feedback!

Share your thoughts about our presentation

NCBudget.org/PresentationEvaluation

We are going to be sharing this information as widely as we can in the coming months, and we really appreciate any and all feedback about what worked and what didn't. So I'll just pause here for a few moments and ask folks to pull out your phone, follow this QR and take a SUPER short survey. I promise it will only take 2 minutes, and we look at every single response to learn from your feedback and improve over time. So let's just pause for one second and give everyone a chance to do that.