

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**SENATE BILL 778**

Short Title: Adjust Individual Income Tax Brackets. (Public)

Sponsors: Senators Goodall; Apodaca, Brock, Forrester, and Pittenger.

Referred to: Finance.

March 15, 2007

A BILL TO BE ENTITLED  
AN ACT TO ADJUST THE INDIVIDUAL INCOME TAX BRACKETS.

The General Assembly of North Carolina enacts:

**SECTION 1.** Subsections (b) and (c) of Section 24.2 of S.L. 2006-66 are repealed.

**SECTION 2.** G.S. 105-134.1 is amended by adding a new subdivision to read:

"§ 105-134.1. **Definitions.**

The following definitions apply in this Part:

...

(1a) Consumer price index. – Defined in section 1 of the Code."

**SECTION 3.** G.S. 105-134.2(a), as amended by Section 1 of this act, reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

(1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	<del>\$21,250</del> <u>\$54,000</u>	6%
<del>\$21,250</del> <u>\$54,000</u>	<del>\$100,000</del> <u>\$144,000</u>	7%
<del>\$100,000</del> <u>\$144,000</u>	<del>\$200,000</del> <u>NA</u>	7.75%
<del>\$200,000</del>	NA	8.25%

(2) For heads of households, as defined in section 2(b) of the Code:

<b>Over</b>	<b>Up To</b>	<b>Rate</b>
0	<del>\$17,000</del> <u>\$36,000</u>	6%

1		\$17,000	\$36,000	\$80,000	\$96,000	7%
2		\$80,000	\$96,000	\$160,000	NA	7.75%
3		\$160,000		NA		8.25%

(3) For unmarried individuals other than surviving spouses and heads of households:

	Over	Up To	Rate		
8	0	\$12,750	\$27,000	6%	
9	\$12,750	\$27,000	\$60,000	\$72,000	7%
10	\$60,000	\$72,000	\$120,000	NA	7.75%
11	\$120,000		NA		8.25%

(4) For married individuals who do not file a joint return under G.S. 105-152:

	Over	Up To	Rate		
17	0	\$10,625	\$27,000	6%	
18	\$10,625	\$27,000	\$50,000	\$72,000	7%
19	\$50,000	\$72,000	\$100,000	NA	7.75%
20	\$100,000		NA		8.25%"

**SECTION 4.** G.S. 105-134.2 is amended by adding a new subsection to read:

"(c) Not later than December 15 of each year, the Secretary shall adjust the dollar amounts in the tables contained in subsection (a) of this section by a factor equal to the change in the consumer price index from the previous year. The adjusted amounts apply to taxable years beginning on or after January 1 following the adjustment."

**SECTION 5.** Section 3 of this act is effective for taxable years beginning on or after January 1, 2007. The remainder of this act is effective when it becomes law.