Fueling the Economy, Advancing Well-Being

Budget & Policy Choices Matter

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NC BUDGET & TAX CENTER

Our Vision for North Carolina

A state where every person can reach their full potential and achieve well-being through the support of trustworthy, anti-racist institutions and systems that we all participate in building.

Budget & Policy Choices Matter

- People fuel the economy
- Inequality & Hardship Slow Economic Progress
- Policy & budget choices matter

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Federal funding is front and center right now

- Provides programs and services in 100 counties;
- Levels the playing field across states;
- Creates conditions for businesses to start and expand;
- Ensures individual households and families can meet the basics.

Federal cuts will hurt NC

Shifting Costs to States

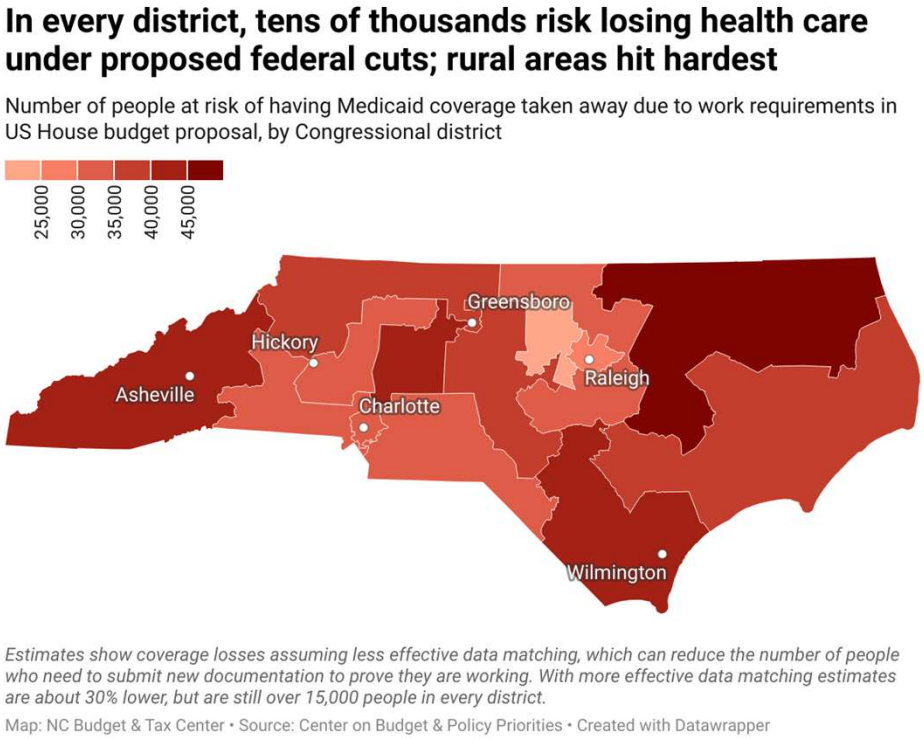
Hurting People's Well-being

Blocking Economic Progress

Specifics about U.S. House Bill

- **At least $625 billion in Medicaid cuts,** including new work requirements for people who are covered under the Medicaid expansion, red tape that will reduce coverage, and restrictions on how states like North Carolina raise money to pay for Medicaid, among other changes.
- **Roughly $300 billion in SNAP cuts,** including new harsh work requirements for parents of school-aged children and for older adults, and for the first time in the 50-year history of the program, a requirement that states pay for a share of the food benefits, shifting the cost to states.

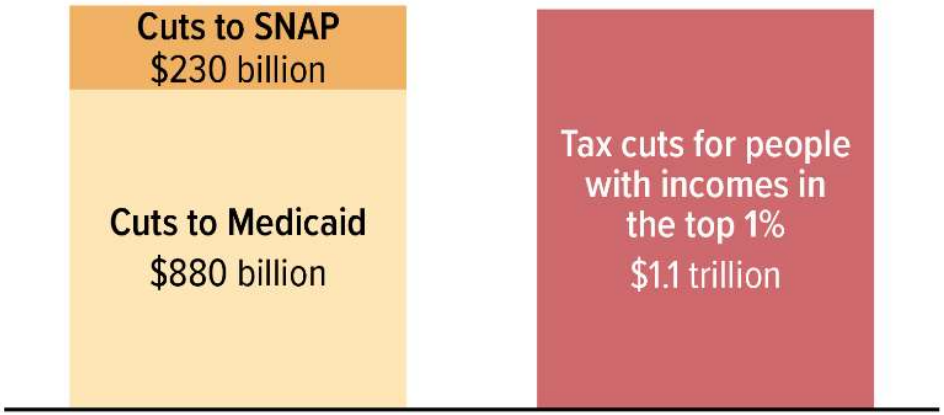
People across NC will be hurt



- Health care premiums will rise
- 375,000 at risk of losing food assistance

House Republican Plan Would Take Health Care and Food Assistance Away from People to Pay for Tax Cuts for Wealthy

House Republican plan could cut Medicaid by $880 billion and SNAP by $230 billion while giving wealthy people $1.1 trillion in tax cuts



Note: People with incomes in the top 1% have $743,000 or more in annual income. All estimates are through 2034.

Source: February 12, 2025, House Budget Resolution; Department of Treasury Office of Tax Analysis, The Cost and Distribution of Extending Expiring Provisions of the Tax Cuts and Jobs Act of 2017.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

The average tax cut for millionaires of roughly $90,000 is

1000 times

the tax cut to low-income households, an average of just $90 from the tax cuts

Cost shift to NC state budget unaffordable

- $584 million in new costs to cover food assistance.
- Potential $600 million in new costs for state in Medicaid*
- New costs for administration of Medicaid and SNAP
- Blocks use of health care provider taxes to cover state share of Medicaid costs

*Any change to the federal Medicaid share of costs would automatically end Medicaid expansion in North Carolina.

Scheduled tax cuts mean North Carolina will lose out on over $13 billion in annual revenue by 2031, on top of cuts since 2013

Estimated revenue loss in billions of dollars from scheduled cuts to the state personal income tax (PIT) and corporate incomes tax (CIT) rates in North Carolina, by fiscal year (FY)

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Sign & share our petition

To Keep North Carolina's
Tax on Corporate Profits

NCBudget.org/choosecommunities

State budget timeline

State agencies create their budget requests

Consensus revenue forecast is released

Governor releases recommended budget

NC Senate and NC House each create a budget proposal

NC Senate budget proposal is unacceptable

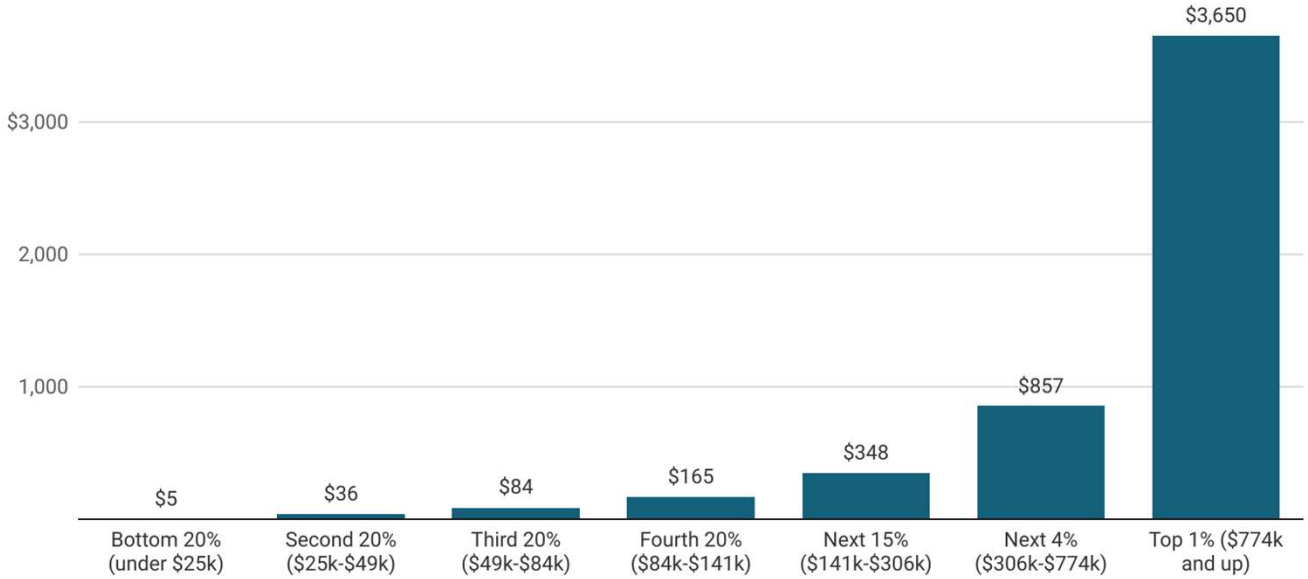
- Maintains the scheduled elimination of Corporate Income Tax
- Deepens cuts to the Personal Income Tax, which gives biggest benefit to the richest 1%
- Pays for these tax cuts for the rich by taking state spending to record-low levels
- Leaves NC unprepared to address federal cost shift, possible recession, and structural budget deficit

NC House budget proposal makes small tweaks rather than systemic shift in approach needed.

- Maintains the scheduled elimination of Corporate Income Tax
- Reforms the personal income tax cuts to only decrease when higher revenue thresholds are met
- Uses tax gimmicks to reach some families rather than meaningful relief
- Continues record breaking low spending
- Leaves NC unprepared to address federal cost shift, possible recession, and structural budget deficit

With health care and food assistance cuts looming, Senate and House plans charge ahead with large tax cuts for the rich and $5 for the worst-paid North Carolinians

Estimated tax cut for North Carolinians of different income levels based on corporate income tax and personal income tax rate cuts scheduled for 2026



Estimates are based on 2025 incomes and show the tax changes if these rates were implemented for tax year 2025. This shows the combined impact of reducing the personal income tax rate from 4.25% in TY 2025 to 3.99% in TY 2026 and reducing the corporate income tax rate from 2.25% in TY 2025 to 2% in TY 2026. These tax changes are current law and are maintained in the Senate budget proposal.

Source: Special data request to the Institute on Taxation and Economic Policy • Created with Datawrapper

To achieve continued tax cuts for the wealthy few, House and Senate cut public spending to a 50-year low, relative to the state's economy

General Fund spending as share of the state's economy by fiscal year, actual (1976-2025) and proposed (2026-2027)

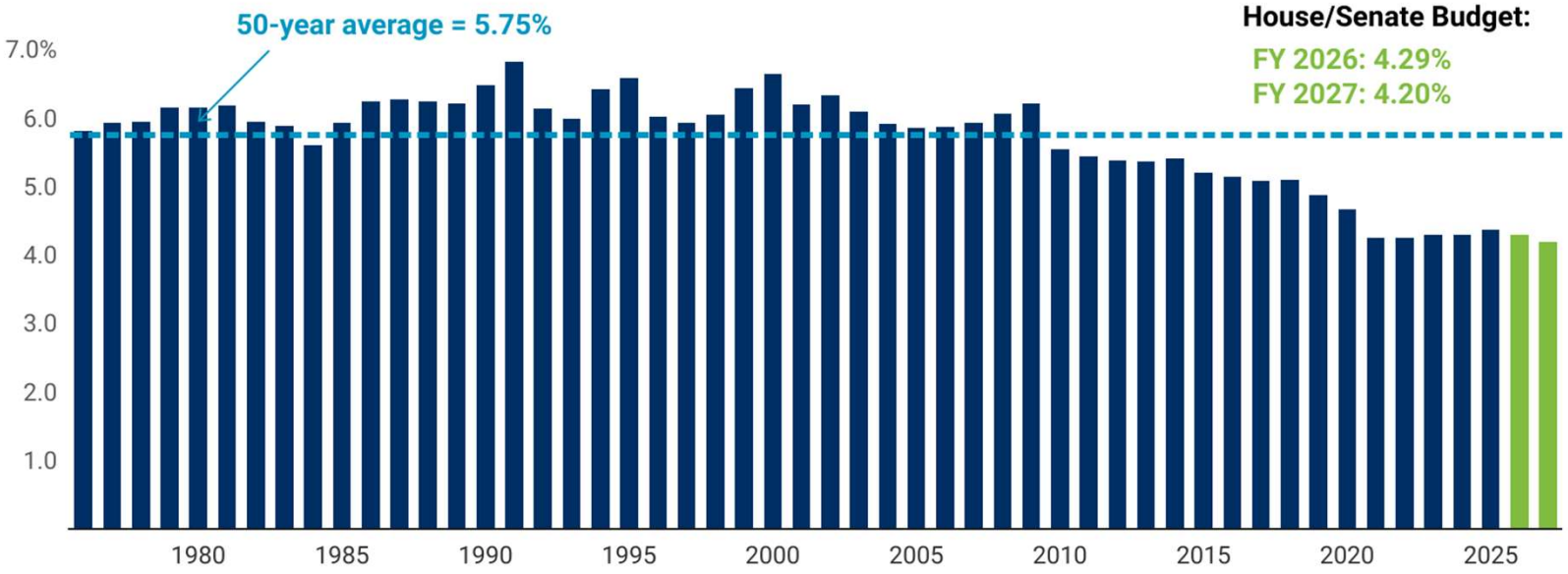


Chart: NC Budget & Tax Center • Source: NC Budget & Tax Center analysis of SB 257 and prior enacted budgets, U.S. Bureau of Economic Analysis • Created with Datawrapper

Ways to Engage

Choose Communities over Corporations

- Real-time updates on state and federal budget: ncbudget.org/budgetupdates/
- Help us flyer and get a yard sign, email dani@ncbudget.org
- Share our petition: ncbudget.org/choosecommunities
- Use our LTE toolkit to write your local paper, email mel@ncbudget.org

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