

Appendix A – Tax Structure North Carolina

Following is a description of the applicable tax categories that will be calculated for the Goodwill North Carolina model:

- Sales Tax

The State of North Carolina charges a 4.5% sales tax on the retail sale, lease, or rental to consumers of tangible personal property and excludes purchases of food consumed at home (groceries).

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of retail spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- i. **Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the State.
- ii. **Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

There are other North Carolina sales tax categories that the model does not estimate. Some of these categories include sales taxes on dry cleaning services, liquor, cable television, new and used airplanes, boats, locomotives, railroad cars, and manufactured housing. In addition, the model assumes all purchases are made outside of the three-day sales tax holiday each August for clothing, school supplies and education software.

Also included in the sales tax figures are the franchise tax collections. Franchise taxes include taxes on electric power, other similar utility companies, mutual burial associations, business corporations, and other cooperative organizations. The projected level of utility spending generated by the direct, indirect and induced employees supported by the company is based on the U.S. Consumer Expenditure Survey.

The State of North Carolina levies a 3.22% tax applied to gross receipts resulting from the sale of power and light in the state. Public sewage companies and telephone companies are taxed at 6.0%.

- Income Tax

The State of North Carolina collects taxes on personal income. The personal income tax rate varies by income bracket. In general, if the head of household earns less than \$17,000, then the personal income tax rate is 6.0%. Between \$17,001 and \$80,000 the rate is 7.0%, \$80,001 to \$160,000 is 7.75% and \$160,001 and above is 8.25%. These rates are applied to the adjusted wages and earnings of direct, indirect and induced employment resulting from the operation of the company. Total collections of personal income in the model are net of



the \$95,331,927 that is dedicated to local government as a reimbursement for the repeal of the intangible personal property tax.

- Motor Fuel Tax

The State of North Carolina currently collects a motor vehicle fuel tax of \$0.2475 per gallon of gasoline. The tax revenue is calculated based on the average vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

The above tax categories represent the largest sources of revenues that will be generated to governing entities.

