

Dear members of the North Carolina State House,

On behalf of our organizations and the tens of thousands of North Carolina taxpayers and businesses we represent, we write in strong support of Senate Bill 75, the proposed constitutional amendment to cap the North Carolina state individual and corporate income tax rates and at a maximum of 5.5 percent.

For nearly a century ago, the state's constitutional income tax cap has been ten percent. While neither the individual nor corporate rate have ever reached that maximum, the individual rate hit a peak of 8.25 percent from 2001 to 2006 and the corporate rate 7.75 percent from 1991 to 1996 - uncompetitive levels, our state cannot afford as we compete with the other 49 states and other countries in an increasingly globalized economy.

Fortunately, lawmakers have recognized this. Five years ago, the unemployment rate stood at nearly ten percent. Over the next four years, lawmakers cut taxes by an astounding \$4.7 billion. With the corporate rate reduced to 3 percent - the lowest rate among states that still levy such a tax - and the individual rate moved to a flat system with a rate of 5.499 percent, the state has added over 300,000 jobs cutting unemployment in half with one of the fastest growing economies in the country. Lawmakers reinforced success this year, cutting the individual rate to 5.25 and the corporate rate to 2.5 percent, starting in 2019.

Lower taxes have fostered an economic boom that has increased revenue. The legislature has been effective at keeping spending in check - never exceeding the growth of population plus inflation during this time. Fiscal responsibility coupled with growth from tax cuts has resulted in repeated surpluses, allowing the state to increase teacher pay, disaster relief, the rainy day fund, and more. These changes have helped catapult North Carolina's economic outlook ranking from 26th in 2011 into the top five in 2017, according to the American Legislative Exchange Council.

However, there is no guarantee that the legislature will forever maintain this commitment to low taxes and fiscal responsibility. That is why the state must take the opportunity at hand today to ensure that the progress made on these fronts is not reversed by future politicians. Senate Bill 75 would accomplish exactly that with its constitutional requirement maintaining economically competitive maximum individual and corporate income tax rates. This will continue to allow the state to fund core functions of government without needlessly taking more of the taxpayers' money than is necessary. If it were ever to become necessary to exceed these rates, that power would lie not with politicians in Raleigh, but with the people of North Carolina in the constitutional amendment process.

Senate Bill 75 would be a welcome change to ensure long-term economic health, competitiveness, and growth in the Tar Heel State and on behalf the tens of thousands of North Carolina taxpayers we represent, we strongly urge you to support it.

Americans for Prosperity- North Carolina
Americans for Tax Reform (ATR)
Civitas Action
Coastal Carolina Accountability Project

Craven County Taxpayers Association
Crystal Coast Tea Party
Cumberland County Tea Party
Sojourners for Truth