NC Personal Income Tax Cap Amendment

November 3, 2026 statewide ballot | Voter one-page guide

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

In plain English: This amendment would reduce the maximum personal income tax rate from 7% to 3.5%.

A FOR vote means...	You support changing the state constitution to reduce the maximum personal income tax rate to 3.5%.
An AGAINST vote means...	You oppose changing the state constitution to reduce the maximum personal income tax rate and prefer to keep it at the current maximum rate of 7%.

Arguments supporters make -

- **Simplifies the tax code:** A flat tax rate is more straightforward and transparent than a graduated tax structure.
- **Encourages investment:** Lower rates encourage investment and economic activity among NC's more affluent taxpayers and may prevent people from leaving NC in search of more favorable tax climates.
- **Impact on credit ratings:** Supporters argue the amendment would not harm NC's credit rating because credit agencies view the state as having strong financial controls, solid long-term economic prospects, and healthy rainy-day and reserve funds.
- **Helps NC compete with nearby states:** Both Florida and Tennessee have no personal income taxes, and SC recently passed legislation to reduce its income tax rate to 1.99% in five years.

Arguments opponents make -

- **It's unnecessary:** Current law already schedules the personal income tax rate to fall to 3.49% in 2027 and 2.99% in 2028.
- **Schools and services:** Could reduce future funding for education, justice and public safety, disaster recovery, healthcare, and other essential services – placing an additional financial burden on local governments to fund those services.
- **Harder to change:** A constitutional rule may be harder to fix later than a regular law.
- **Impact on credit ratings:** Major credit rating agencies view constitutional tax limits as a negative factor because they can constrain a state's options for repaying loans.

Questions to ask before voting -

- Should future tax policy be set in the NC Constitution or by state law?
- How could this affect the funding of public schools and other essential services?
- Would this amendment change the amount of income taxes I pay?

Bottom line: This amendment would lock in a lower constitutional cap on personal income tax rates. While it aligns with NC's trend toward lower tax rates, it may also limit future fiscal flexibility. Voters may wish to weigh potential economic benefits against possible long-term impacts on state revenue and financial stability.

Facts for Voters on NC Personal Income Taxes

Key Points for Voters:

- Income taxes are the largest funding source for essential state responsibilities.
- Income tax revenue supports education, health & human services, courts and public safety, roads, state parks, and other state operations.
- NC's income tax rate is scheduled by law to fall to 3.49% in 2027.
- In 2018, voters lowered the constitutional cap from 10% to 7%.