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THIS TAX DAY, NORTH CAROLINA WORKING FAMILIES ARE PAYING THEIR FAIR SHARE BUT NORTH CAROLINA BILLIONAIRES ARE NOT

State's 7 Billionaires Have Grown \$8.6 Billion, or 47% Richer Since 2017 Trump-GOP Tax Overhaul—But Those Gains May Never Be Taxed

Democrats' Proposed Special Billionaire Taxes Could Deliver Up to \$1.1 Billion A Year to North Carolina If Distributed Like Current Federal Grants

DURHAM, NORTH CAROLINA - "After rigging North Carolina's election maps to make themselves largely immune to the voters' whims, Republican leaders overhauled income taxes, dramatically reducing them for North Carolina's wealthiest earners and shifting more burden to lower-income earners through sales taxes", [according to advocacy groups like Carolina Forward](#). "Many essential state services are already critically underfunded. The state Department of Health and Human Services faces a 6-8 month backlog in autopsies. Subject matter experts as well as North Carolina's own judges have found that the state must raise education funding by 5 billion dollars just to fix remedial issues."

[The North Carolina Budget and Tax Center](#), reports that the effect of going to a 2.49 percent tax rate compared to today's rate, two-thirds of the money from the cut will flow to the richest North Carolina households — those with incomes averaging \$282,000. Examples provided by the Center show how cutting the income tax rate from 4.75 percent (the rate in 2023) to 2.49 percent will affect regular working people compared to millionaires. Consider two single parents with one child:

- The first person has an annual income of \$1 million. They would receive a \$14,713 tax cut a year, or \$283 a week.

- The second person is a new third-grade public school teacher paid a starting salary of \$37,000. They would get a tax cut of \$231 a year, or \$4.44 each week. This teacher is likely to spend more than twice this much — at least \$500 — of their own money on classroom supplies, while state funding for supplies has plummeted.

Nationwide, America’s billionaires [were collectively nearly twice as rich](#) on April 1 of this year as they were when the Republican tax law was enacted a little over six years ago: their collective fortune doubled from \$2.9 trillion to \$5.8 trillion. North Carolina billionaires were altogether worth roughly \$27 billion on April 1.

“In North Carolina and across the country this Tax Day, hard-working Americans know in their gut that the tax code isn’t fair,” said David Kass, ATF’s executive director. “The untaxed explosion of billionaire wealth is a prime indicator of a rigged system. President Biden and congressional Democrats want to start more effectively taxing billionaires and other unimaginably wealthy Americans, while Donald Trump and Republicans want to give them more tax cuts. The contrast in priorities couldn’t be more clear.”

[Trump](#) and his [fellow Republicans](#) want to permanently extend parts of their law that expire at the end of next year, which would only further lock in the ability of billionaires and other ultra-wealthy people to dodge their fair share of taxes. Meanwhile, President Biden and Congressional Democrats are pulling in the opposite direction: they want to start annually taxing the wealth gains of the nation’s very wealthiest households—including most prominently billionaires—a reform that could result in up to \$1.1 billion more in federal grants every year for a decade for North Carolina (based on the recent distribution of federal funds to the states).

Because of loopholes in current law, billionaires often pay little or no federal income tax. An expose by ProPublica based on IRS data revealed that Elon Musk, Jeff Bezos and other top [billionaires paid zero federal income tax](#) in several recent years. It determined that the top 25 billionaires paid just a 3.4% tax rate between 2014 to 2018 when the growth in their wealth is counted as income.

Name	Net Worth Dec. 30, 2017 (\$ Millions)	Net Worth Apr. 1, 2024 (\$ Millions)	Wealth Growth (\$ Millions)	Wealth Growth (Percent)
NORTH CAROLINA	\$18,300	\$26,898	\$8,598	47.0%
James Goodnight	\$9,400	\$10,124	\$724	7.7%
Tim Sweeney	N/A	\$5,742	N/A	N/A
John Sall	\$4,800	\$5,000	\$200	4.2%
Roy Carroll II	N/A	\$2,553	N/A	N/A
Frank Holding	N/A	\$1,273	N/A	N/A
Carson Brice	N/A	\$1,170	N/A	N/A

Ric Elias	N/A	\$1,036	N/A	N/A
Clemmie Spangler Jr*	\$4,100	N/A	N/A	N/A

*Deceased prior to April 1, 2024

Source: Forbes data from Dec. 30, 2017, and April 1, 2024, analyzed by Americans for Tax Fairness and available [here](#).

Under current rules, increases in asset values (“capital gains”) are only taxed when the asset is sold. But billionaires and other hyper-wealthy people [don’t need to sell to benefit](#): they can use their rising fortunes to secure low-interest loans and live luxuriously tax-free. And when those gains are inherited by the next generation, [thanks to another loophole](#), they simply disappear for tax purposes.

[President Biden](#) and the chief tax writer in the U.S. Senate, [Ron Wyden](#) (D-OR), have both put forth legislation to annually tax the wealth gains of the nation’s very wealthiest households. The president’s plan would raise \$503 billion in tax revenue over 10 years, while the proposal from Wyden, the chairman of the Senate Finance Committee, would raise \$557 billion.

If that revenue was distributed to the states in accordance with recent historical levels of federal grants, North Carolina [could gain](#) every year for 10 years about \$1 billion—from the Biden plan—or \$1.1 billion, from the Wyden proposal. This is based on budget data from the National Association of State Budget Officers. Between 2021 and 2023, federal grant funds made up an average of 46.1% of North Carolina’s state budget.

Federal grants to states help [pay for numerous programs and services](#): healthcare (Medicaid and CHIP); childcare; food and nutrition (SNAP, WIC); education (Head Start, Title I and IDEA); housing; transportation (highways, airports, and mass transit); public safety and much more. These funds represent nearly one-third of state budgets on average and nearly one-quarter of state and local budgets combined. Additional funds generated by a billionaire’s income tax could be used to lower costs to the state’s working families for all these vital services.

That \$1 billion or \$1.1 billion a year (depending on the plan adopted) in federal grants [would add about](#) 2.2% or 2.4% to the state’s budget, respectively, based on an average of the state’s budgets between 2021 and 2023.

Billionaires in North Carolina and around the country have flourished under the Trump-GOP tax law because it [mostly benefited the wealthy](#). It has failed to offer the benefits to working families that were promised and will wind up adding some [\\$2 trillion to the national debt](#). That figure would be larger if Republicans had not disguised the true cost of their tax giveaway by making several provisions temporary. Most of those temporary measures are due to run out at the end of next year, but [Donald Trump](#) and [congressional Republicans](#) have vowed to make them permanent. Permanent extension of all the expiring provisions [would add almost \\$4 trillion](#) more to our debt.

Among the expiring provisions that would mostly or exclusively benefit the very wealthy, including billionaires, if they were permanently extended:

- A cut in the tax rate charged on the highest income households (in 2024, [over \\$730,000 per couple](#)), from 39.6% to 37%;
- An enfeebled estate tax that allows inheritance of huge family fortunes (in 2024, over \$27 million per couple and slated to rise each year) to go completely untaxed. If this provision is allowed to expire on schedule, the estate-tax exemption would revert to a still quite generous but somewhat more reasonable [estimated \\$14.5 million per couple](#).
- A weakened Alternative Minimum Tax, which is meant to prevent the highest-income households from exploiting loopholes and special breaks to whittle down their tax bills.
- A special rule that allows non-corporate businesses to subtract 20% of their profits before figuring their taxes. In 2019, over half of this tax cut went to business owners in households with [over \\$800,000 in annual income](#).

In stark contrast, President Biden and his fellow Democrats want to allow tax cuts for those households making over \$400,000 a year to expire on schedule. Moreover, the president and his party in Congress have already [raised taxes on the biggest corporations](#) and on wealthy investors and cracked down on wealthy tax cheats. They have proposed further reforms that would result in the rich and corporations paying more in taxes, not less.

Among the reforms President Biden [has repeatedly proposed](#):

- Boosting the corporate tax rate from 21% to 28%, half way back to where it was before the Trump-GOP tax law. (This reform alone would raise \$1.35 trillion over 10 years)
- Increasing a wealthy investors' tax from 3.8% to 5%. (\$797 billion)
- Cracking down on the offshoring of corporate profits. (\$715 billion)
- Ending the nearly half-off tax discount on investment income over \$1 million. (\$289 billion)
- Expanding restrictions on excessive corporate pay for top executives. (\$272 billion)

North Carolina organizations are calling on the members of the state's congressional delegation to take a stand this Tax Day to support ending tax cuts that mostly benefit the wealthy and will increase deficits by almost \$4 trillion over 10 years, thereby endangering the funding of Medicaid, Medicare, and other critical services. Taxing billionaires and millionaires on their wealth the same way working Americans are taxed on their wages would raise billions to invest in programs that serve average people, keep communities safer and increase opportunities to succeed in today's economy. Every member of the North Carolina delegation should [endorse a resolution](#) calling for billionaires to pay their fair share.

***Action NC's** mission is to confront and reduce the root causes of poverty, underdevelopment, and social and economic inequality through grassroots education, training, organization and mobilization. Action NC organizes in poor and working-income communities full of talented and committed people looking for an opportunity to work together to build a stronger and more secure future. Learn more at actionnc.org.*