

Name \_\_\_\_\_

## Deciphering North Carolina's Tax Structure

### Short Answer Key

1. A progressive income tax system in North Carolina means that the tax rate increases as a taxpayer's income rises. For example, individuals with higher incomes pay a higher percentage of their earnings in taxes.
2. An example of a tax credit in North Carolina is the Child and Dependent Care Credit, which provides tax relief for eligible child care expenses. Taxpayers can claim a credit based on a percentage of their qualifying expenses, reducing their overall tax liability.
3. Local governments in North Carolina use property tax revenue to fund essential public services, including schools, public safety, transportation, and infrastructure maintenance. Property tax plays a crucial role in supporting these services.
4. The budgetary process in North Carolina involves the state legislature, which proposes, debates, and finalizes the budget. The governor signs the budget into law. Key players include legislators, the governor, government agencies, and citizens who provide input.
5. Varying sales tax rates across different counties in North Carolina can impact consumers and businesses. Consumers may pay different prices for the same items depending on their location, and businesses may need to navigate complex tax rules when operating in multiple counties.

