

Name \_\_\_\_\_

## Deciphering North Carolina's Tax Structure

### Open-Ended Response Answer Key

1. A progressive income tax system in North Carolina has the advantage of ensuring that individuals with higher incomes contribute a larger percentage of their earnings to taxes, which can help fund public services and reduce income inequality. However, it may also discourage high-income individuals from living or investing in the state.
2. Tax credits in North Carolina, such as the Renewable Energy Investment Tax Credit, incentivize investments in renewable energy projects. These credits encourage the adoption of sustainable practices, reduce greenhouse gas emissions, and promote environmental conservation, contributing to the state's environmental goals.
3. Property tax revenue is vital for local governments in North Carolina as it provides a stable source of funding for essential services. It supports schools, police and fire departments, road maintenance, and other public infrastructure. Without property tax revenue, local governments would struggle to maintain these services.
4. The budgetary process in North Carolina involves various stages, including the proposal, debate, and finalization of the budget by the state legislature. Challenges include balancing competing priorities and limited resources. Key priorities often include education, healthcare, and infrastructure development. Input from citizens and advocacy groups plays a role in shaping the budget's final decisions.

