



AMERICANS *for* TAX REFORM

March 2, 2017

To: Members of the North Carolina General Assembly

From: Americans for Tax Reform

Re: Taxpayer Priorities for the 2017 Legislative Session

Dear Members of the North Carolina General Assembly,

On behalf of Americans for Tax Reform (ATR) and our supporters across North Carolina, I urge you to use the 2017 legislative session to continue building upon the state's impressive record of reform. The coming year looks to be one of historic policy change, not just in Washington, but also in state capitals across the country. As you work to pass a budget, while taking up legislation dealing with a vast array of diverse and important subject matter, I encourage you to continue looking for ways to build upon the pro-growth tax relief and other free market reforms enacted in recent years.

North Carolina has served as national model for what pro-growth tax reform looks like. However, now is no time to rest on laurels, as other states that North Carolina competes with continue to make improvements to their tax codes. Take Tennessee, which already has the advantage of not imposing a tax on wage income. Tennessee lawmakers recently increased this advantage by enacting legislation to phase out their 6% tax on investment income, thereby making North Carolina's neighbor to the west the nation's 8th true no income tax state.

Other competitor states that already have the advantage of a lower tax burden than North Carolina – such as Texas and Florida – have also enacted multiple rounds of tax relief in recent years, and are poised to continue doing so in 2017. Meanwhile, Wisconsin Gov. Scott Walker & Arizona Gov. Doug Ducey have announced their goal to eliminate their states' income tax. Point being, despite the great progress North Carolina has made on tax reform, now is not the time to become complacent. Eliminating the double taxation of capital gains would be an excellent way to continue the progress of recent years and keep pace with competitor states.

Many business owners today will tell you that costly and unnecessary regulations are just as much, if not more of a problem for them than heavy taxation. Underscoring this is a new Competitive Enterprise Institute report, which found the cost of federal regulatory burden is now greater than total federal income tax collections, both individual and corporate, combined. Since the need to tackle onerous regulations is just as much of a problem at the state level, lawmakers in a number of states are making regulatory reform a top priority.

North Carolina has made much progress on regulatory reform in recent years, and 2017 presents many opportunities to build upon those achievements. One glaring example of harmful regulation that inflicts economic harm, while serving no purpose other than pure protectionism, is the North Carolina's requirement that any brewery producing more than 25,000 barrels must inject a middle man into their operations and sell their product through a distributor.

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Obamacare dissuaded many business owners from expanding their operations and employing more people, lest they cross the 50 employee threshold beyond which businesses are subject to the Obamacare employer mandate. Likewise, North Carolina's arcane law barring self-distribution for breweries beyond a certain size is a state-created disincentive on business growth and the new hiring that comes with it. North Carolina lawmakers have made impressive strides in repealing barnacles of bad policies that have built up on the ship of state over decades of less than conservative governance. Allowing this protectionist, anti-consumer restriction on craft brewery self-distribution to stand would be both indefensible and completely uncharacteristic of this legislature.

Please look to ATR to as a resource on tax, budget, and other policy matters pending before you. ATR will be educating your constituents and all North Carolina taxpayers as to how lawmakers in Raleigh vote on these, and other important fiscal and economic matters throughout the legislative session. If you have any questions, or if ATR can be of assistance, please contact Patrick Gleason, ATR's director of state affairs, at (202) 785-0266 or pgleason@atr.org.

Sincerely,



Grover G. Norquist
President
Americans for Tax Reform