

Appendix A – Tax Structure North Carolina

Following is a description of the applicable tax categories that will be calculated for the Goodwill North Carolina model:

- Sales Tax

The State of North Carolina charges a 4.75% sales tax on the retail sale, lease, or rental to consumers of tangible personal property and excludes purchases of food consumed at home (groceries).

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of retail spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the State.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

Also included in the model are the sales taxes collected on sales of electricity (7.0%) and the gross receipts derived from the sale of providing telecommunications (7.0%). The projected level of utility spending generated by the direct, indirect and induced employees supported by the company is based on the U.S. Consumer Expenditure Survey.

- Income Tax

The State of North Carolina collects taxes on personal income. For tax year 2017, the individual income tax rate is 5.499%. This rate is applied to the adjusted wages and earnings of direct, indirect and induced employment resulting from the operation of the company.

- Unemployment Insurance

The State of North Carolina collects State Unemployment Insurance. While the rate varies from 0.06% to 5.76%, new employers use 1.0%, which is utilized for the model. The wage base is \$23,500.

- Gas Tax

The State of North Carolina currently collects a motor vehicle fuel tax of \$0.351 per gallon of gasoline. The tax revenue is calculated based on the average vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

The above tax categories represent the largest sources of revenues that will be generated to governing entities.

