



## FISCAL RESEARCH DIVISION

A Staff Agency of the North Carolina General Assembly

*The Fiscal Research Division is a non-partisan, central staff agency serving all 170 members of the NCGA.*

### North Carolina General Fund Business Tax Revenue<sup>1</sup>

North Carolina collects three major Business Taxes that are deposited in the General Fund and that are collectively referred to in this document as Business Taxes:

1. **Corporate Income Tax** – A tax paid by corporations on taxable income apportioned to North Carolina.
2. **Franchise Tax** – A tax paid by corporations on their net worth apportioned to North Carolina.
3. **Insurance Premiums Tax** – A tax paid by insurers on gross premiums received from insurance policies issued in North Carolina.

#### Total General Fund Business Tax Revenue, FY 2015-16 through FY 2024-25

Fiscal Year	Revenue (\$ in Billions)	Year-over-Year Percent Growth in Net Business Tax Revenue
2015-16	\$2.07	-13.21%
2016-17	\$1.99	-3.64%
2017-18	\$1.97	-0.91%
2018-19	\$2.13	8.08%
2019-20 <sup>2</sup>	\$1.96	-8.15%
2020-21	\$3.07	56.84%
2021-22	\$3.49	13.42%
2022-23	\$3.63	4.15%
2023-24	\$3.49	-3.78%
2024-25	\$3.77	7.94%

*Source: NC Department of Revenue, Statistical Abstract of North Carolina Taxes, North Carolina Financial System*

Economic conditions and tax policy have contributed to different rates of growth over the previous ten fiscal years. To learn more about the estimated impacts of specific changes, please contact the [Fiscal Research Division](#).

<sup>1</sup> This document covers collections from the Corporate Income, Franchise, and Insurance Premiums taxes only. Totals and percentages shown throughout this document may be approximate due to rounding.

<sup>2</sup> In response to the COVID-19 pandemic, eligible taxpayers were able to delay payment of corporate income and franchise taxes due in April 2020 until July 2020 (the following fiscal year). Revenue from payments previously expected in FY 2019-20 was shifted to FY 2020-21, partially contributing to the decrease in year-over-year revenue between FY 2018-19 and FY 2019-20 as well as the large increase from FY 2019-20 to FY 2020-21.



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### North Carolina General Fund Business Tax Revenue, by Tax Type (\$ in billions)

Fiscal Year	Corporate Income Tax	Franchise Tax	Insurance Premiums Tax
2015-16	\$1.06	\$0.52	\$0.49
2016-17	\$0.75	\$0.75	\$0.49
2017-18	\$0.74	\$0.67	\$0.57
2018-19	\$0.83	\$0.75	\$0.55
2019-20	\$0.66	\$0.65	\$0.66
2020-21	\$1.51	\$0.87	\$0.69
2021-22	\$1.63	\$0.89	\$0.97
2022-23	\$1.63	\$0.85	\$1.15
2023-24	\$1.55	\$0.74	\$1.20
2024-25	\$1.57	\$0.78	\$1.43

*Source: NC Department of Revenue, Statistical Abstract of North Carolina Taxes, North Carolina Financial System*

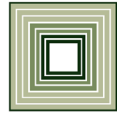
The table above shows total net tax revenue deposited in the General Fund for each of the past ten fiscal years from the Corporate Income Tax, Franchise Tax, and Insurance Premiums Tax.

Business Taxes accounted for a larger percentage of overall General Fund revenue in FY 2024-2025 when compared with FY 2015-2016. In FY 2024-2025, these Business Taxes accounted for nearly \$3.8 billion in General Fund revenue, or roughly 10.9% of total General Fund revenue. In FY 2015-2016, these three taxes accounted for nearly \$2.1 billion in General Fund revenue, representing 9.3% of total General Fund revenue in that fiscal year.

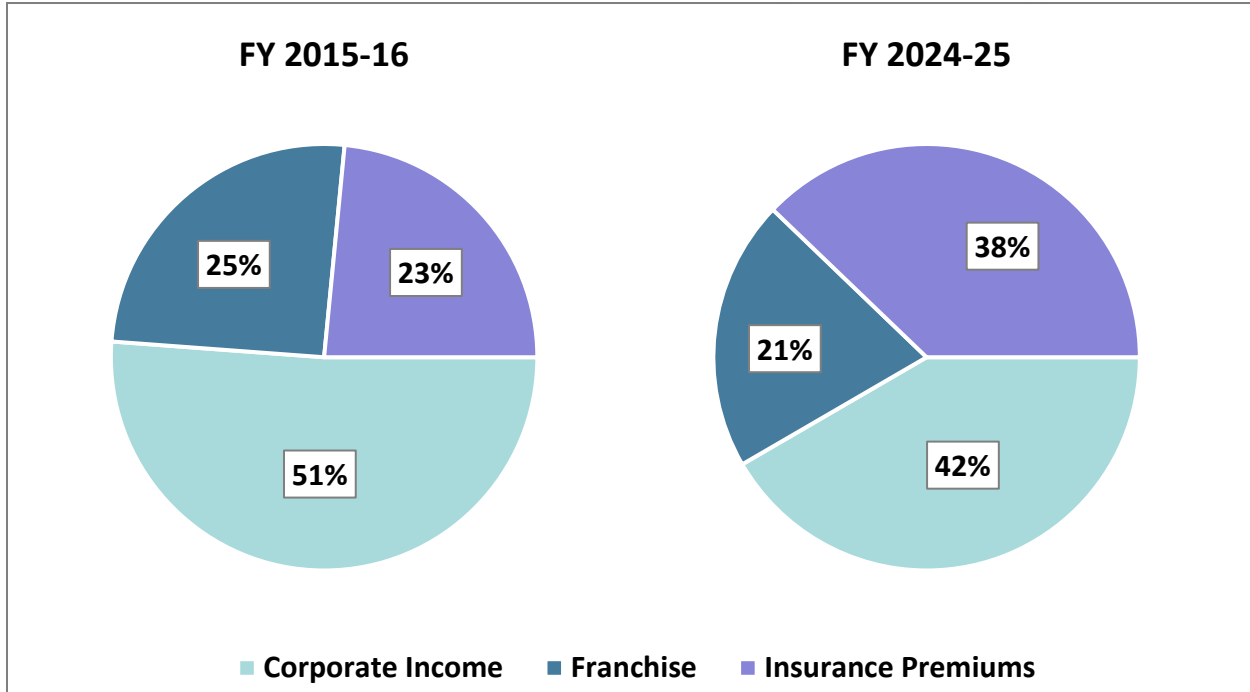
#### Compound Annual Growth Rate (CAGR), by Tax Type

The ten-year compound annual growth rates for each tax are listed below.

- **Corporate Income Tax:** Since FY 2015-16, annual revenue from Corporate Income Tax has increased at a CAGR of 4.5% per year.
- **Franchise Tax:** Since FY 2015-16, annual revenue from the Franchise Tax has increased at a CAGR of 4.4% per year.
- **Insurance Premiums Tax:** Since FY 2015-16, annual revenue from the Insurance Premiums Tax has increased at a CAGR of 12.7% per year.



### Total Share of Business Tax Revenue, by Business Tax Type



Source: NC Department of Revenue, Statistical Abstract of North Carolina Taxes, North Carolina Financial System

Corporate Income tax and Franchise tax collections represented a smaller share of overall Business Tax Revenue in FY 2024-25 when compared with FY 2015-16. Alternatively, Insurance Premiums tax collections comprised a larger share of Business Tax revenue.

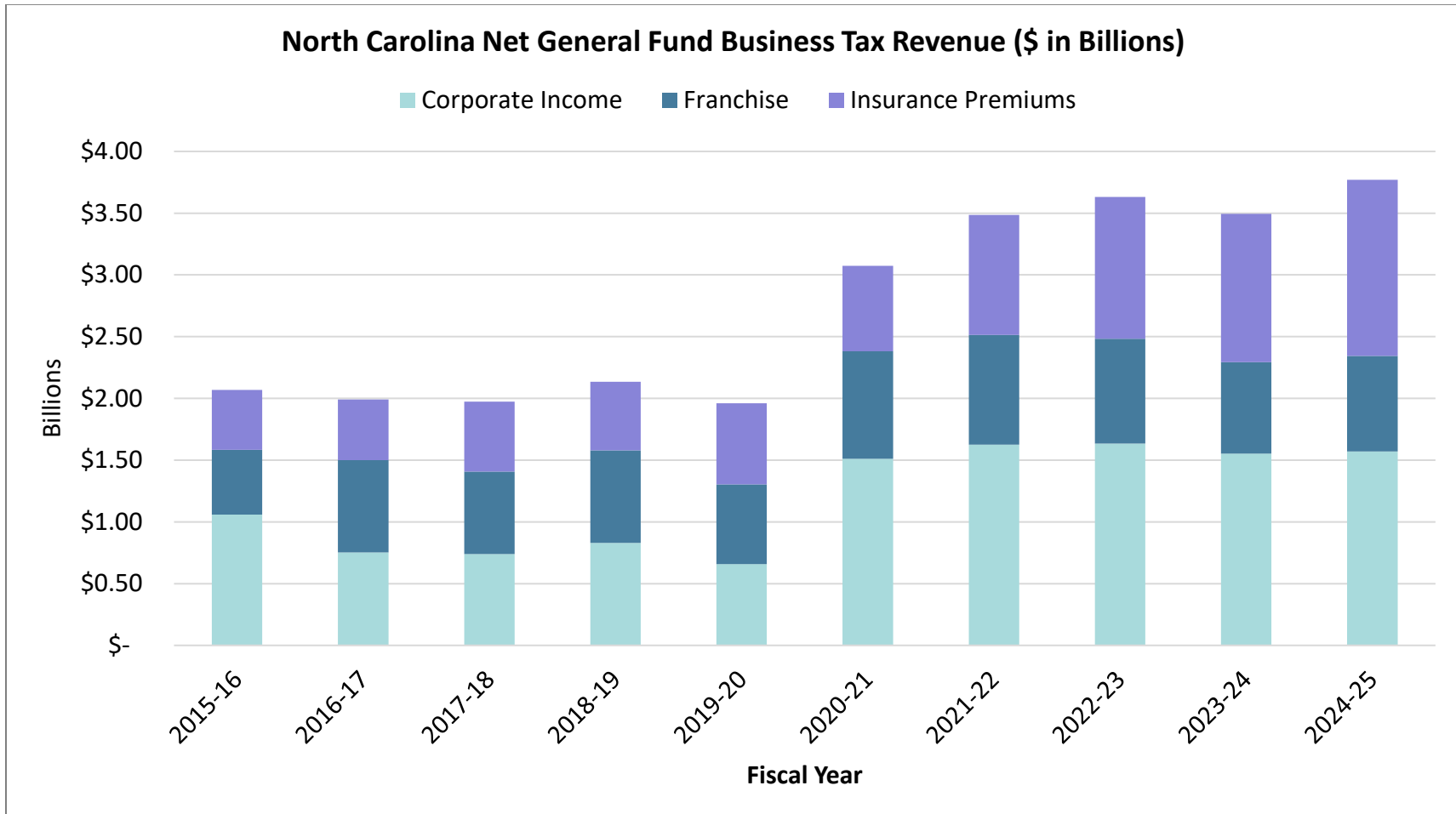
- **Corporate Income Tax:** Corporate Income tax collections comprised a 9% smaller share of total Business Tax revenue in FY 2024-25 when compared to FY 2015-16. This share is expected to decline over time, as the Corporate Income tax rate is scheduled to be reduced from 2.00% in 2026, to 1.00% in 2028, and to 0% in 2030.
- **Franchise Tax:** Franchise Tax collections comprised a 4% smaller share of total Business Tax revenue in FY 2024-25 when compared to FY 2015-16.
- **Insurance Premiums Tax:** Insurance Premiums Tax collections comprised a 15% larger share of total Business Tax revenue in FY 2024-25 when compared to FY 2015-16.



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