

Some Taxes Up, Some Down July 1st

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The state's \$19.7 billion 2011-2012 budget contains several changes that will affect our wallets starting Friday. First, the good news: The NC state sales tax will be cut by 1% on July 1, 2011. In addition, the temporary surtax on corporate and individual income taxes will expire. But as consumers in North Carolina begin paying less tax on most things purchased at retail stores next month, they'll face even more pain at the gas pump. Bloomberg Businessweek says the state gasoline excise tax will rise by 2.5 cents per gallon to a record 35 cents starting July 1 -- the same day the sales tax will go down by a penny statewide. The Republican-led Legislature was resolute in cutting the sales tax by letting the temporary tax expire on time, and it did so in the final budget law enacted with its override of Gov. Beverly Perdue's veto. But lawmakers declined to intervene on the gas tax, which is recalculated automatically every July 1 and Jan. 1 based on a formula that floats with wholesale gas prices. Capping the gas tax would have been politically popular as gas approached \$4 a gallon this spring. But GOP legislative leaders couldn't agree on how to make up lost revenues the gas tax generates for road building, maintenance and other highway projects before ending this year's main legislative work session last weekend.