

FISCAL POLICY

TAX POLICY

The League of Women Voters of North Carolina believes that a state and local system of taxation should provide for adequate funding of needed services, be broad-based, and incorporates standards of equity, adequacy, collectability, economic effect, transparency, and consistency.

Equity

- Measure both in terms of ability to pay and that similarly situated people pay the same amount.

Adequacy

- Provide sufficient resources to adequately fund needed services and constitutionally mandated programs.
- Evaluate elasticity in reference to the degree to which an increase in the tax rate causes a change in the tax base (e.g., taxable income or asset value).
- Allow flexibility for responsible fiscal management and equitable distribution of the civic burden.

Collectability

- Be understandable to the taxpayer to encourage compliance.
- Be enforced even-handedly.
- Consider ease and cost of administration.

Economic Effect

- Consider minimal distortion to economic behavior.
- View use of tax laws designed as incentives or disincentives in terms of the common good.

Transparency

- Give the public adequate notice of proposed changes in tax laws.
- Hold open meetings.
- Make public records accessible.

Consistency

- Be consistent with other public policies (e.g., public education, land use).

The above standards are applicable to all types of state and local taxes, including income, sales & use, property, and user fees.

There should be a collaboration and balance between state and local governments to give local governments the necessary flexibility to utilize new revenue sources or to expend tax revenues to better serve their residents.