

# STANLEY DAVIS PHILLIPS

February 22, 2005

Dear Business Leader:

As a former Secretary of Commerce, I am very concerned about our state tax structure. Our excessive corporate and individual tax rates are effecting economic growth.

	Comparison of Tax Rates		
	<u>Corporate</u>	<u>Income</u>	<u>Sales</u>
North Carolina	6.9%	8.25%*	7.00%
Tennessee	6.5%	0.00%	9.35%
Alabama	6.5%	5.00%	7.65%
Virginia	6.0%	5.75%	4.50%
Georgia	6.0%	6.00%	6.50%
Florida	5.5%	0.00%	6.50%
South Carolina	5.0%	7.00%	5.55%

\*Highest marginal rates in the southeast

As the legislature convenes for the 2005-2006 session, the prevailing discussion among the Leadership is identifying new tax revenues to address a \$1.5 Billion shortfall. However, many of us believe that we must seek cost reductions and efficiencies in government to enable us to lower our tax rates.

Governor Easley's Commission on Efficiency and Savings in State government identified \$1- \$2 Billion in savings. This should be a great road map for the leaders of our State!

Would you please consider writing the Governor and legislative leaders concerning the need to bring fiscal accountability to State government and create growth and jobs by reducing our burdensome and excessive tax rates.

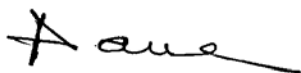
The Honorable Michael F. Easley  
Office of the Governor  
20301 Mail Service Center  
Raleigh, North Carolina 27699-0301  
[Governors.office@ncmail.net](mailto:Governors.office@ncmail.net)

The Honorable Marc Basnight  
Senate President Pro Tempore  
Legislative Bldg. - Room 2007  
Raleigh, North Carolina 27601-2808  
[marcb@ncleg.net](mailto:marcb@ncleg.net)

The Honorable James B. Black  
Speaker of the House  
State Legislative Building  
16 West Jones Street  
Raleigh, North Carolina 27601-1096  
[jimb@ncleg.net](mailto:jimb@ncleg.net)

We can and must do better for our state and your part can help make the difference.

Sincerely,



Dave Phillips