

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 2

Short Title: Income Tax Cut/Child Credit.

(Public)

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Sponsors: Representatives Daughtry, Gray, Arnold, Hayes, Russell, Brawley, Cansler, McComas, C. Wilson; Aldridge, Bowie, Buchanan, Capps, Church, Clary, Cocklereece, Culp, Davis, Decker, Dockham, Edwards, Gardner, Holmes, Lemmond, McMahan, K. Miller, Morgan, Neely, Nichols, Pate, Preston, Pulley, Rayfield, Reynolds, Sexton, Sharpe, Shubert, Snowden, Tallent, Thompson, Warner, Weatherly, and Wood.

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Referred to: Finance.

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January 26, 1995

A BILL TO BE ENTITLED

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2 AN ACT TO REDUCE INCOME TAXES FOR THE WORKING PEOPLE OF NORTH  
3 CAROLINA BY INCREASING THE PERSONAL EXEMPTION DEDUCTION BY  
4 FIVE HUNDRED DOLLARS AND BY ALLOWING A TAX CREDIT OF FIFTY  
5 DOLLARS PER DEPENDENT CHILD.

6 The General Assembly of North Carolina enacts:

7 Section 1. (a) Effective for taxable years beginning on or after January 1, 1995,  
8 G.S. 105-134.6(c)(4) reads as rewritten:

9 "(4) The amount by which the taxpayer's standard deduction has been  
10 increased for inflation under section 63(c)(4)(A) of the Code and the  
11 amount by which each of the taxpayer's personal exemptions ~~have~~has  
12 been increased for inflation above two thousand two hundred fifty  
13 dollars (\$2,250) under section 151(d)(4)(A) of the Code. For the  
14 purpose of this subdivision, if the taxpayer's personal exemptions have  
15 been reduced by the applicable percentage under section 151(d)(3) of  
16 the Code, the amount by which each of the personal exemptions ~~have~~

1           has been increased for inflation over two thousand two hundred fifty  
2           dollars (\$2,250) is also reduced by the applicable percentage."

3           (b) Effective for taxable years beginning on or after January 1, 1996, G.S. 105-  
4 134.6(c)(4), as amended by subsection (a) of this section, reads as rewritten:

5           "(4) The amount by which the taxpayer's standard deduction has been  
6           increased for inflation under section 63(c)(4)(A) of the Code and the  
7           amount by which each of the taxpayer's personal exemptions has been  
8           increased for inflation above ~~two thousand two hundred fifty dollars~~  
9           ~~(\$2,250)~~ two thousand five hundred dollars (\$2,500) under section  
10           151(d)(4)(A) of the Code. For the purpose of this subdivision, if the  
11           taxpayer's personal exemptions have been reduced by the applicable  
12           percentage under section 151(d)(3) of the Code, the amount by which  
13           each of the personal exemptions has been increased for inflation over  
14           ~~two thousand two hundred fifty dollars (\$2,250)~~ two thousand five hundred  
15           dollars (\$2,500) is also reduced by the applicable percentage."

16           Sec. 2. Division II of Chapter 105 of the General Statutes is amended by  
17 adding a new section to read:

18 **"§ 105-151.24. Credit for children.**

19           An individual is allowed as a credit against the tax imposed by this Division an  
20 amount equal to fifty dollars (\$50.00) for each dependent child for whom the individual  
21 was allowed to deduct a personal exemption under section 151(c)(1)(b) of the Code for  
22 the taxable year. A nonresident or part-year resident who claims the credit allowed by  
23 this section shall reduce the amount of the credit by multiplying it by the fraction  
24 calculated under G.S. 105-134.5(b) or (c), as appropriate. The credit allowed under this  
25 section may not exceed the amount of tax imposed by this Division for the taxable year  
26 reduced by the sum of all credits allowed, except payments of tax made by or on behalf  
27 of the taxpayer."

28           Sec. 3. Section 1(a) of this act is effective for taxable years beginning on or  
29 after January 1, 1995; Section 1(b) of this act is effective for taxable years beginning on  
30 or after January 1, 1996; the remainder of this act is effective for taxable years beginning  
31 on or after January 1, 1995.