

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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SENATE BILL 1456\*

Short Title: Rewarding Work Tax Credit.

(Public)

Sponsors: Senators Hoyle; and Forrester.

Referred to: Finance.

May 17, 2006

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR A STATE EARNED INCOME TAX CREDIT BY  
3 CREATING THE REWARDING WORK TAX CREDIT.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Part 2 of Article 4 of Chapter 105 of the General Statutes is  
6 amended by adding a new section to read:

7 "**§ 105-151.30. Rewarding work tax credit.**

8 (a) Credit. – An individual who claims for the taxable year an earned income tax  
9 credit under section 32 of the Code is allowed a credit against the tax imposed by this  
10 Part equal to five percent (5%) of the amount of credit the individual qualified for under  
11 section 32 of the Code. A nonresident or part-year resident who claims the credit  
12 allowed by this section must reduce the amount of the credit by multiplying it by the  
13 fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.

14 (b) Credit Refundable. – If the credit allowed by this section exceeds the amount  
15 of tax imposed by this Part for the taxable year reduced by the sum of all credits  
16 allowable, the Secretary must refund the excess to the taxpayer. The refundable excess  
17 is governed by the provisions governing a refund of an overpayment by the taxpayer of  
18 the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned  
19 Income Credit, does not apply to the credit allowed by this section. In computing the  
20 amount of tax against which multiple credits are allowed, nonrefundable credits are  
21 subtracted before refundable credits."

22 SECTION 2. G.S. 105-160.3(b) reads as rewritten:

23 "(b) The following credits are not allowed to an estate or trust:

- 24 (1) G.S. 105-151. Tax credits for income taxes paid to other states by  
25 individuals.  
26 (2) G.S. 105-151.11. Credit for child care and certain employment-related  
27 expenses.  
28 (3) G.S. 105-151.18. Credit for the disabled.  
29 (4) G.S. 105-151.24. Credit for children.

- 1           (5)    G.S. 105-151.26. Credit for charitable contributions by nonitemizers.  
2           (6)    Repealed by Session Laws 2004-170, s. 17, effective August 2, 2004.  
3           (7)    G.S. 105-151.28. Credit for long-term care insurance.  
4           (8)    G.S. 105-151.30. Rewarding work tax credit."  
5           **SECTION 3.** This act becomes effective for taxable years beginning on or  
6 after January 1, 2006.