

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS65122-LY-101 (2/20)

Short Title: Earned Income Tax Credit. (Public)

Sponsors: Senator Clodfelter.

Referred to:

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

The General Assembly of North Carolina enacts:

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

"§ 105-151.31. Earned income tax credit.

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

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

(c) Eligible Individual. – An eligible individual is one whose filing status is married filing jointly, married filing separately, or head of household and who has one or more dependents for whom the taxpayer is allowed a personal exemption under section 151(c) of the Code for a qualifying child for the taxable year."

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

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

- 1 (1) G.S. 105-151. Tax credits for income taxes paid to other states by
2 individuals.
3 (2) G.S. 105-151.11. Credit for child care and certain employment-related
4 expenses.
5 (3) G.S. 105-151.18. Credit for the disabled.
6 (4) G.S. 105-151.24. Credit for children.
7 (5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers.
8 (6) Repealed by Session Laws 2004-170, s. 17, effective August 2, 2004.
9 (7) G.S. 105-151.28. Credit for long-term care insurance.
10 (8) G.S. 105-151.30. Credit for recycling oyster shells.
11 (9) G.S. 105-151.31. Rewarding work tax credit."
12 **SECTION 3.** This act is effective for taxable years beginning on or after
13 January 1, 2007.