

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 209*

Short Title: Food Tax Credit.

(Public)

Sponsors: Senators Rauch, Winner, Plyler; Raynor and Ezzell.

Referred to: Finance.

February 20, 1989

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX CREDIT FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES TO OFFSET THE SALES TAX ON FOOD.

The General Assembly of North Carolina enacts:

Section 1. Chapter 105 of the General Statutes, as amended by Chapter _____ of the 1989 Session Laws, is amended by adding a new section to read:

"§ 105-151.16. Food tax credit for individuals with low or moderate incomes.

(a) Credit. In order to provide relief to individuals with low or moderate incomes from a portion of the State and local sales tax paid on food, a taxpayer, except as provided in subsection (c), with a net taxable income for the taxable year equal to or below fifteen thousand dollars (\$15,000) is allowed as a credit against the tax imposed by this Division an amount equal to the appropriate figure shown in the table below based on the number of exemptions claimed by the taxpayer for the taxable year. If the tax credit exceeds the amount of tax imposed on the taxpayer by this Division for the taxable year, the excess credit shall be refunded to the taxpayer, except that no refund or payment on account of the tax credit allowed by this section shall be made for an amount less than one dollar (\$1.00).

	<u>Number of</u> <u>Exemptions Claimed</u>	<u>Amount of</u> <u>Credit</u>
20	<u>1</u>	<u>\$45</u>
21	<u>2</u>	<u>50</u>
22	<u>3</u>	<u>55</u>
23	<u>4</u>	<u>60</u>
24	<u>5</u>	<u>65</u>

- 1 6 or more _____ 75
- 2 (b) Definitions. The following definitions apply in this section:
- 3 (1) The term 'taxpayer' means an individual who is not married, an
- 4 individual who is married but is not living with his spouse, or a
- 5 husband and wife who are married and living together and who file a
- 6 joint return. The marital status of the taxpayer shall be determined as
- 7 of the end of the taxable year. If either the husband or wife is
- 8 ineligible for the credit because the restriction in either subdivision
- 9 (c)(2) or (c)(5) applies, then the other spouse is also ineligible.
- 10 (2) The term 'net taxable income' means net income less the amount of
- 11 any personal exemptions allowed the taxpayer.
- 12 (c) Restrictions. The following taxpayers may not claim the credit allowed by
- 13 this section:
- 14 (1) An individual who was not a resident of this State and who did not live
- 15 in this State for at least half the taxable year.
- 16 (2) An individual who received assistance under the Food Stamp Program,
- 17 7 U.S.C. § 51, for the entire taxable year.
- 18 (3) An individual who was an inpatient at a hospital facility, as defined in
- 19 G.S. 131E-16, for at least half the taxable year.
- 20 (4) An individual who was in jail or in other official detention for at least
- 21 half the taxable year.
- 22 (5) An individual who may be claimed as a dependent by another under
- 23 G.S. 105-149(a)(5).
- 24 (6) An individual who is married, is living with his spouse, and does not
- 25 file a joint return as provided in G.S. 105-152.1.
- 26 (7) A taxpayer whose gross income for the taxable year exceeds thirty
- 27 thousand dollars (\$30,000)."
- 28 Sec. 2. This act is effective for taxable years beginning on or after January 1,
- 29 1990.