

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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SENATE BILL 675

Short Title: Expand Child Care Credit.

(Public)

Sponsors: Senators Walker, Albertson, Allran, Cochran, Codrington, Cooper, Forrester, Gulley, Harris, Hunt, Hyde, Martin of Guilford, Perdue, Plexico, Richardson, Speed, Tally, Ward, Winner of Buncombe, Winner of Mecklenburg; Hartsell, Hoyle, Johnson, Jordan, Kincaid, Parnell, Sherron, Simpson, Smith, and Marshall.

Referred to: Finance.

April 1, 1993

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE INCOME TAX CREDIT FOR CHILD AND
2 DEPENDENT CARE EXPENSE FOR FAMILIES WITH INCOME BELOW
3 FORTY THOUSAND DOLLARS A YEAR.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-151.11 reads as rewritten:

7 "**§ 105-151.11. Credit for child care and certain employment-related expenses.**

8 (a) Credit. – A person who is allowed a credit against federal income tax for a
9 percentage of employment-related expenses under section 21 of the Code shall be
10 allowed as a credit against the tax imposed by this Division an amount equal to the
11 applicable percentage of the employment-related expenses as defined in section 21(b)(2)
12 of the Code. In order to claim the credit allowed by this section, the taxpayer must
13 provide with the tax return the information required by the Secretary.

14 (a1) Applicable Percentage. – For employment-related expenses that are incurred
15 only with respect to one or more dependents who are seven years old or older and are
16 not physically or mentally incapable of caring for themselves, the applicable percentage
17 is ~~seven percent (7%)~~ the appropriate percentage in the column labeled 'Percentage A' in
18 the table below, based on the taxpayer's North Carolina adjusted gross income. For
19 employment-related expenses with respect to any other qualifying individual, the
20 applicable percentage is ~~ten percent (10%)~~ the appropriate percentage in the column

1 labeled 'Percentage B' in the table below, based on the taxpayer's North Carolina
2 adjusted gross income.

<u>Filing Status</u>	<u>Adjusted Gross Income</u>	<u>Percentage A</u>	<u>Percentage B</u>
<u>Head of Household</u>	<u>Up to \$20,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$20,000 up to \$32,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$32,000</u>	<u>7%</u>	<u>10%</u>
<u>Surviving Spouse or Joint Return</u>	<u>Up to \$25,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$25,000 up to \$40,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$40,000</u>	<u>7%</u>	<u>10%</u>
<u>Single</u>	<u>Up to \$15,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$15,000 up to \$24,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$24,000</u>	<u>7%</u>	<u>10%</u>
<u>Married Filing Separately</u>	<u>Up to \$12,500</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$12,500 up to \$20,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$20,000</u>	<u>7%</u>	<u>10%</u>

39 (b) Employment Related Expenses. – The amount of employment-related
40 expenses for which a credit may be claimed may not exceed two thousand four hundred
41 dollars (\$2,400) if the taxpayer's household includes one qualifying individual, as
42 defined in section 21(b)(1) of the Code, and may not exceed four thousand eight
43 hundred dollars (\$4,800) if the taxpayer's household includes more than one qualifying
44 individual.

1 ~~(c) No credit shall be allowed under this section unless the taxpayer completes and~~
2 ~~attaches to the tax return the necessary form or forms as may be required by the~~
3 ~~Secretary.~~ Limitations. – No credit shall be allowed under this section for amounts
4 deducted from gross income in calculating taxable income under the Code. ~~(d)~~The
5 credit allowed by this section may not exceed the amount of tax imposed by this
6 Division for the taxable year reduced by the sum of all credits allowable under this
7 Division, except for payments of tax made by or on behalf of the taxpayer. ~~(e)~~No
8 credit shall be allowed under this section with respect to employment-related expenses
9 paid by a nonresident of this State."

10 Sec. 2. G.S. 105-134.1 is amended by adding a new subdivision to read:

11 "(9a) North Carolina Adjusted Gross Income. – Adjusted gross income,
12 as determined under the Code, adjusted as provided in G.S. 105-
13 134.6 and G.S. 105-134.7."

14 Sec. 3. This act is effective for taxable years beginning on or after January 1,

15 1993.