

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 2
Second Edition Engrossed 2/13/95

Short Title: Income Tax Cut/Child Credit.

(Public)

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.

Referred to: Finance.

January 26, 1995

A BILL TO BE ENTITLED

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

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(e)(4)(A)~~63(c)(4) of the Code
11 and the amount by which each of the taxpayer's personal exemptions
12 ~~have~~has been increased for inflation above two thousand two hundred
13 fifty 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

1 the Code, the amount by which each of the personal exemptions have
2 has been increased for inflation over two thousand two hundred fifty
3 dollars (\$2,250) is also reduced by the applicable percentage."

4 (b) Effective for taxable years beginning on or after January 1, 1996, G.S. 105-
5 134.6(c)(4), as amended by subsection (a) of this section, reads as rewritten:

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

17 Sec. 2. Division II of Article 4 of Chapter 105 of the General Statutes is
18 amended by adding a new section to read:

19 "**§ 105-151.24. Credit for children.**

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

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