

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS65184-LY-63 (1/31)

Short Title: Child Health Insurance Tax Credit.

(Public)

Sponsors: Senator Berger of Rockingham.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR AN INCOME TAX CREDIT FOR THE PROVISION
OF QUALIFIED HEALTH INSURANCE FOR A DEPENDENT CHILD.

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. Credit for premiums paid on qualified health insurance for a dependent child.

(a) Credit. – An individual is allowed, as a credit against the tax imposed by this Part, an amount equal to the premium costs the individual paid during the taxable year on qualified health coverage for a dependent for whom the individual was allowed to deduct a personal exemption under section 151(c)(1)(A) of the Code for the taxable year. The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer. A nonresident or part-year resident who claims the credit allowed by this subsection shall 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) No Double Benefit. – No credit is allowed for payments that are deducted from, or not included in, the taxpayer's gross income for the taxable year. If the taxpayer claimed a deduction for health insurance costs of self-employed individuals under section 162(l) of the Code for the taxable year, the amount of credit otherwise allowed the taxpayer under this section is reduced by the applicable percentage provided in section 162(l) of the Code. If the taxpayer claimed a deduction for medical care expenses under section 213 of the Code with respect to the coverage for the taxable year, the taxpayer is not allowed a credit under this section. No credit is allowed for any amount for which the taxpayer has received another credit under this Chapter or under

1 the Code. A taxpayer who claims the credit allowed by this section must provide any
2 information required by the Secretary to demonstrate that the amount paid for premiums
3 for which the credit is claimed was not excluded from the taxpayer's gross income for
4 the taxable year.

5 (c) Definition. – For purposes of this section, the term 'qualified health coverage'
6 means health care coverage that equals or exceeds the minimum provisions of the basic
7 health care plan of coverage recommended pursuant to G.S. 58-50-125."

8 **SECTION 2.** G.S. 105-160.3(b) is amended by adding a new subdivision to
9 read:

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

11 ...

12 (9) G.S. 105-151.31. Credit for premiums paid for qualified health
13 insurance for a dependent child."

14 **SECTION 3.** This act is effective for taxable years beginning on or after
15 January 1, 2007.