

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 1584

Short Title: Modify Credit for Child Care Expenses. (Public)

Sponsors: Representatives Ross, Dickson, Farmer-Butterfield (Primary Sponsors);
 Hughes, Lucas, and Wray.

Referred to: Finance.

May 6, 2009

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CREDIT FOR CHILD CARE AND CERTAIN
EMPLOYMENT-RELATED EXPENSES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-151.11 reads as rewritten:

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

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

(a1) Applicable Percentage. – For employment-related expenses that are incurred only with respect to one or more dependents who are seven years old or older and are not physically or mentally incapable of caring for themselves, the applicable percentage is the appropriate percentage in the column labeled "Percentage A" in the table below, based on the taxpayer's adjusted gross income determined under the Code. For employment-related expenses with respect to any other qualifying individual, the applicable percentage is the appropriate percentage in the column labeled "Percentage B" in the table below, based on the taxpayer's adjusted gross income determined under the Code.

Filing Status	Adjusted Gross Income	Percentage A	Percentage B
Head of Household	Up to \$20,000	9%	13%
	Over \$20,000 up to \$32,000	8%	11.5%
	Over \$32,000	7%	10%
Surviving Spouse or Joint Return	Up to \$25,000	9%	13%
	Over \$25,000 up to \$40,000	8%	11.5%



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2		Over \$40,000	7%	10%
3				
4	Single	Up to \$15,000	9%	13%
5				
6		Over \$15,000		
7		up to \$24,000	8%	11.5%
8				
9		Over \$24,000	7%	10%
10				
11	Married			
12	Filing			
13	Separately	Up to \$12,500	9%	13%
14				
15		Over \$12,500		
16		up to \$20,000	8%	11.5%
17				
18		Over \$20,000	7%	10%
19				

(b) Employment Related Expenses. – The amount of employment-related expenses for which a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than one qualifying individual. The amount of employment-related expenses for which a credit may be claimed is reduced by the amount of employer-provided dependent care assistance excluded from gross income.

(c) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section 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. No credit shall be allowed under this section for amounts deducted from gross income in calculating taxable income under the Code. The credit allowed by this section to a taxpayer other than one listed in subsection (d) of this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf of the taxpayer.

(d) Credit Refundable. – If the credit allowed by this section to a taxpayer listed in this subsection 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. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(1) A taxpayer who has a filing status of head of household, single, or married filing separately and an adjusted gross income of fifty thousand dollars (\$50,000) or less.

(2) A taxpayer who has a filing status of surviving spouse or joint return and an adjusted gross income of one hundred thousand dollars (\$100,000) or less."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2009.