

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 1310

Short Title: Coop. Education Students Tax Cr.

(Public)

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Sponsors: Representatives Warner; and Spears.

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Referred to: Finance.

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May 10, 1993

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR EMPLOYERS WHO HIRE  
COOPERATIVE EDUCATION STUDENTS.

The General Assembly of North Carolina enacts:

Section 1. Division I of Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

**"§ 105-130.42. Tax credit for hiring cooperative education students.**

A corporation that employs a cooperative education student in this State during the taxable year is allowed as a credit against the tax imposed by this Division an amount equal to fifty percent (50%) of the student's wages, up to a maximum credit of two thousand dollars (\$2,000) per taxpayer for the taxable year. A position is located in this State if (i) at least fifty percent (50%) of the employee's duties are performed in this State or (ii) the employee is a resident of this State.

The credit allowed under this section may not exceed the amount of tax imposed by this Division for the taxable year, reduced by the sum of all other credits allowed, except tax payments made by or on behalf of the taxpayer. Every taxpayer claiming the credit allowed under this section shall maintain and make available for inspection by the Secretary records from which the Secretary may determine and verify the amount of the credit to which the taxpayer is entitled. The taxpayer has the burden of proving eligibility for the credit and the amount of the credit. No credit shall be allowed to a taxpayer who fails to maintain adequate records or to make them available for inspection.

For the purpose of this section, a cooperative education student is a high school student or community college student hired by the taxpayer pursuant to a program for

1 students who, through written cooperative arrangements between the school and the  
2 employer, receive instruction, including required academic courses and related  
3 vocational instruction by alternation of study in school with a job in an occupational  
4 field related directly to the student's course of study."

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

7 **"§ 105-151.23. Tax credit for hiring cooperative education students.**

8       A person who employs a cooperative education student in this State during the  
9 taxable year is allowed as a credit against the tax imposed by this Division an amount  
10 equal to fifty percent (50%) of the student's wages, up to a maximum credit of two  
11 thousand dollars (\$2,000) per taxpayer for the taxable year. A position is located in this  
12 State if (i) at least fifty percent (50%) of the employee's duties are performed in this  
13 State or (ii) the employee is a resident of this State.

14       The credit allowed under this section may not exceed the amount of tax imposed by  
15 this Division for the taxable year, reduced by the sum of all other credits allowed,  
16 except tax payments made by or on behalf of the taxpayer. Every taxpayer claiming the  
17 credit allowed under this section shall maintain and make available for inspection by the  
18 Secretary records from which the Secretary may determine and verify the amount of the  
19 credit to which the taxpayer is entitled. The taxpayer has the burden of proving  
20 eligibility for the credit and the amount of the credit. No credit shall be allowed to a  
21 taxpayer who fails to maintain adequate records or to make them available for  
22 inspection.

23       For the purpose of this section, a cooperative education student is a high school  
24 student or community college student hired by the taxpayer pursuant to a program for  
25 students who, through written cooperative arrangements between the school and the  
26 employer, receive instruction, including required academic courses and related  
27 vocational instruction by alternation of study in school with a job in an occupational  
28 field related directly to the student's course of study."

29       Sec. 3. This act is effective for taxable years beginning on or after January 1,  
30 1993.