

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 720

SHORT TITLE: Expand Child-Care Credit

SPONSOR(S): Representative Balmer

FISCAL IMPACT: **Expenditures:** Increase () Decrease ()
 Revenues: Increase () Decrease ()
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund (X) Highway Fund () Local Govt. ()
 Other Funds ()

SUMMARY OF PROPOSED AMENDMENT: Adds an income tax credit of \$260 per child under the age of 6 for families whose adjusted gross income is under \$40,000 when a parent stays at home to provide child care in lieu of incurring child-care expenses that are eligible for the current dependent care credit.

EFFECTIVE DATE: 1993 tax year

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

FISCAL IMPACT

\$ Million

| | <u>FY</u> | | <u>FY</u> | | <u>FY</u> | | <u>FY</u> | | <u>FY</u> |
|--|-----------|--|-----------|--|-----------|--|-----------|--|-----------|
| | 94 | | 95 | | 96 | | 97 | | 98 |

REVENUES:

GENERAL FUND: \$35 to \$55 million per year

ASSUMPTIONS AND METHODOLOGY: Estimates were made by "patching" together a number of pieces of information relating to issue. The wide range for the estimate is due to the lack of precise data measuring the number of families with one parent remaining out of the workforce to care for child and the income level of such families. State population projections show very little growth in the 0-4 population for the 5-year period.

SOURCES OF DATA: U.S. Census Bureau (1991 Current Population Survey, 1990 Census for U.S. and N.C., 1988 special survey of child-care arrangements in U.S.

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