

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE BILL 1436

Short Title: Small Business Health Insurance Credit. (Public)

Sponsors: Representatives Goodwin, Goforth (Primary Sponsors); B. Allen, G. Allen, L. Allen, Bonner, Bordsen, Bowie, Carney, Church, Coates, Cole, Dickson, Gorman, Hackney, Haire, Hall, Harrell, Hill, Insko, Jeffus, Jones, LaRoque, Lucas, McLawhorn, Michaux, Moore, Nye, Saunders, Starnes, Sutton, Tolson, Warner, Warren, and A. Williams.

Referred to: Finance.

May 13, 2004

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE A TAX CREDIT FOR SMALL BUSINESSES THAT
3 PROVIDE EMPLOYEE HEALTH INSURANCE.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 3B of Chapter 105 of the General Statutes is amended
6 by adding a new section to read:

7 "**§ 105-129.16D. Credit for small business employee health benefits.**

8 (a) Credit. – A small business that provides health benefits for all of its eligible
9 employees during the taxable year is allowed a credit to offset its costs in providing
10 health benefits for its eligible employees. For the purposes of this subsection, a taxpayer
11 provides health benefits if it pays at least fifty percent (50%) of the premiums for health
12 care coverage that equals or exceeds the minimum provisions of the basic health care
13 plan of coverage recommended by the Small Employer Carrier Committee pursuant to
14 G.S. 58-50-125.

15 The credit is equal to a dollar amount per eligible employee, not to exceed the
16 taxpayer's costs of providing health benefits for its eligible employees during the
17 taxable year. For each eligible employee for whom the taxpayer provides health benefits
18 covering the employee only, the amount is seven hundred dollars (\$700.00). For each
19 eligible employee for whom the taxpayer provides health benefits covering the
20 employee and at least one member of the employee's family, the amount is one thousand
21 three hundred dollars (\$1,300).

22 (b) Allocation. – If the taxpayer is an individual who is a nonresident or a
23 part-year resident, the taxpayer must reduce the amount of the credit by multiplying it
24 by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. If the taxpayer
25 is not an individual and is required to apportion its multistate business income to this

1 State, the taxpayer must reduce the amount of the credit by multiplying it by the
2 apportionment fraction used to apportion its business income to this State.

3 (c) Definitions. – The following definitions apply in this section:

4 (1) Eligible employee. – Defined in G.S. 58-50-110.

5 (2) Small business. – A taxpayer that employs no more than 15 employees
6 throughout the taxable year."

7 **SECTION 2.** This act becomes effective for taxable years beginning on or
8 after January 1, 2005.