

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE BILL 574

Short Title: Earned Income Tax Credit. (Public)

Sponsors: Senators Clodfelter; Gulley and Reeves.

Referred to: Finance.

March 31, 2003

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE A STATE EARNED INCOME TAX CREDIT.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Part 2 of Article 4 of Chapter 105 of the General Statutes is  
5 amended by adding a new section to read:

6 "**§ 105-151.29. Earned income tax credit.**

7 (a) Credit. – An individual who claims for the taxable year an earned income tax  
8 credit under section 32 of the Code is allowed a credit against the tax imposed by this  
9 Part equal to ten percent (10%) of the amount of credit the individual qualified for under  
10 section 32 of the Code. A nonresident or part-year resident who claims the credit  
11 allowed by this section must reduce the amount of the credit by multiplying it by the  
12 fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.

13 (b) Credit Refundable. – If the credit allowed by this section exceeds the amount  
14 of tax imposed by this Part for the taxable year reduced by the sum of all credits  
15 allowable, the Secretary must refund the excess to the taxpayer. The refundable excess  
16 is governed by the provisions governing a refund of an overpayment by the taxpayer of  
17 the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned  
18 Income Credit, does not apply to the credit allowed by this section. In computing the  
19 amount of tax against which multiple credits are allowed, nonrefundable credits are  
20 subtracted before refundable credits."

21 **SECTION 2.** G.S. 105-160.3(b) reads as rewritten:

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

- 23 (1) G.S. 105-151. Tax credits for income taxes paid to other states by  
24 individuals.  
25 (2) G.S. 105-151.11. Credit for child care and certain employment-related  
26 expenses.  
27 (3) G.S. 105-151.18. Credit for the disabled.  
28 (4) G.S. 105-151.24. Credit for children.  
29 (5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers.

- 1           (6)    ~~G.S. 105-152.27. Credit for child health insurance.~~  
2           (7)    **(See editor's note for repeal date)** G.S. 105-151.28. Credit for  
3           long-term care insurance.  
4           (8)    G.S. 105-151.29. Earned income tax credit."  
5           **SECTION 3.** This act becomes effective for taxable years beginning on or  
6 after January 1, 2004.