

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019

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SENATE BILL 857

Short Title: Private School Families Tax Incentive. (Public)

Sponsors: Senator Bryan (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 27, 2020

A BILL TO BE ENTITLED

AN ACT TO PROVIDE TAX RELIEF DURING THE COVID-19 PANDEMIC, INCLUDING AN INCOME TAX CREDIT TO TAXPAYERS WHO RECEIVED FEDERAL COVID-19 STIMULUS CHECKS AND HAVE CHILDREN ATTENDING PRIVATE SCHOOL.

The General Assembly of North Carolina enacts:

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

**"§ 105-153.11. Credit for private schooling COVID-19 relief.**

(a) Private School Credit. – A taxpayer (i) who received a federal economic impact payment under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, (ii) whose adjusted gross income for the tax year declined by at least ten percent (10%) from the preceding tax year, and (iii) who has one or more dependent children in attendance at a nonpublic school, as defined in G.S. 115C-562.1, for the spring and fall semesters of the tax year and the spring semester through April 15 of the succeeding tax year, is allowed a credit against the tax imposed by this Part. The amount of the credit allowed shall be determined as follows: for a taxpayer whose adjusted gross income does not exceed the appropriate income amount provided in the table below, based on the taxpayer's filing status, the credit allowed is two thousand five hundred dollars (\$2,500) per dependent child. For a taxpayer whose adjusted gross income does exceed the appropriate income amount, the credit allowed is two thousand five hundred dollars (\$2,500) per dependent child reduced by one hundred dollars (\$100.00) per dependent child for every one thousand dollars (\$1,000) by which the taxpayer's adjusted gross income exceeds the appropriate income amount.

<u>Filing Status</u>	<u>Income Amount</u>
<u>Married, filing jointly/surviving spouse</u>	<u>\$150,000</u>
<u>Head of Household</u>	<u>\$112,500</u>
<u>Other</u>	<u>\$75,000</u>

(b) Homeschool Credit. – A taxpayer (i) who received a federal economic impact payment under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, (ii) whose adjusted gross income for the tax year declined by at least ten percent (10%) from the preceding tax year, and (iii) who has one or more dependent children in attendance at a home school, as defined in G.S. 115C-563, for the spring and fall semesters of the tax year and the spring semester through April 15 of the succeeding tax year, is allowed a credit against the tax imposed by this Part. The amount of the credit allowed shall be determined as follows: for a taxpayer whose adjusted gross income does not exceed the appropriate income amount provided in the table below, based on the taxpayer's filing status, the credit allowed is five hundred dollars



1 (\$500.00) per dependent child. For a taxpayer whose adjusted gross income does exceed the  
 2 appropriate income amount, the credit allowed is five hundred dollars (\$500.00) per dependent  
 3 child reduced by twenty dollars (\$20.00) per dependent child for every one thousand dollars  
 4 (\$1,000) by which the taxpayer's adjusted gross income exceeds the appropriate income amount.

	<u>Income</u>
6 <u>Filing Status</u>	<u>Amount</u>
7 <u>Married, filing jointly/surviving spouse</u>	<u>\$150,000</u>
8 <u>Head of Household</u>	<u>\$112,500</u>
9 <u>Other</u>	<u>\$75,000</u>

10  
 11 (c) Limitations. – The following limitations apply in this section:

12 (1) The credit allowed under subsection (a) of this section may not exceed the  
 13 lesser of seven thousand five hundred dollars (\$7,500) or the amount of tax  
 14 imposed by this Part for the taxable year reduced by the sum of all credits  
 15 allowable, except tax payments made by or on behalf of the taxpayer.

16 (2) The credit allowed under subsection (b) of this section may not exceed the  
 17 lesser of one thousand five hundred dollars (\$1,500) or the amount of tax  
 18 imposed by this Part for the taxable year reduced by the sum of all credits  
 19 allowable, except tax payments made by or on behalf of the taxpayer.

20 (d) Split Attendance. – If a dependent child splits attendance of the spring and fall  
 21 semesters of the tax year and the spring semester through April 15 of the succeeding tax year  
 22 solely between nonpublic schools, as defined in subsection (a) of this section, and home schools,  
 23 as defined in subsection (b) of this section, the total tax credit and the limitation for the child  
 24 shall be determined pro rata according to the time in attendance at each school.

25 (e) Carryforward. – Any unused portion of a credit allowed in this section may be carried  
 26 forward for the succeeding three years."

27 **SECTION 2.** G.S. 105-153.5(b) reads as rewritten:

28 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
 29 deduct from the taxpayer's adjusted gross income any of the following items that are included in  
 30 the taxpayer's adjusted gross income:

31 ...  
 32 (13) The amount paid to the taxpayer during the taxable year from the State  
 33 Emergency Response and Disaster Relief Reserve Fund for hurricane relief or  
 34 assistance, but not including payments for goods or services provided by the  
 35 taxpayer.

36 (13a) Of amounts paid to an eligible taxpayer during the period of March 28, 2020,  
 37 to December 31, 2020, the first two thousand five hundred dollars (\$2,500) of  
 38 bonus compensation and overtime pay. An eligible taxpayer is a taxpayer (i)  
 39 who received a federal economic impact payment under the Coronavirus Aid,  
 40 Relief, and Economic Security (CARES) Act, P.L. 116-136, and (ii) whose  
 41 adjusted gross income for the tax year does not exceed the appropriate income  
 42 amount provided in the table in G.S. 105-153.11."

43 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,  
 44 2020, and expires for taxable years beginning on or after January 1, 2021.