

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL DRS35358-MTfa-238A

Short Title: Investing in North Carolina Act. (Public)

Sponsors: Senators Grafstein, Batch, and Garrett (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS TO RAISE SALARIES FOR TEACHERS, STATE
3 EMPLOYEES, COMMUNITY COLLEGE EMPLOYEES, AND EMPLOYEES OF THE
4 UNIVERSITY OF NORTH CAROLINA; TO PROVIDE A COST-OF-LIVING INCREASE
5 FOR RETIREES; TO EXPAND THE WAGES PROGRAM STATEWIDE; AND TO
6 CREATE A TAX CREDIT FOR QUALIFYING EMPLOYERS EQUAL TO THE LESSER
7 OF FIVE PERCENT OF WAGES PAID TO EMPLOYEES DURING THE TAXABLE
8 YEAR OR TEN THOUSAND DOLLARS.

9 The General Assembly of North Carolina enacts:

10
11 **PART I. RAISE TEACHER SALARIES**

12 **SECTION 1.(a)** The following monthly teacher salary schedule shall apply for the
13 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers.
14 The salary schedule is based on years of teaching experience.

15 **2024-25 Teacher Monthly Salary Schedule**

16	Years of Experience	"A" Teachers
17	0	4,600
18	1	4,685
19	2	4,770
20	3	4,855
21	4	4,940
22	5	5,025
23	6	5,110
24	7	5,195
25	8	5,280
26	9	5,365
27	10	5,450
28	11	5,535
29	12	5,620
30	13	5,705
31	14	5,790
32	15	5,875
33	16	5,950
34	17-19	6,070
35	20-22	6,135
36	23-25	6,200



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1	26-28	6,295
2	29+	6,370

SECTION 1.(b) Salary Supplements for Teachers Paid on This Salary Schedule. –

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement of one hundred dollars (\$100.00) per month.

SECTION 1.(c) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
 - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
 - b. Five hundred dollars (\$500.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 1.(d) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 1.(e) A teacher compensated in accordance with this salary schedule for the 2024-2025 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

- 1 (3) For teachers who were not eligible for longevity for the 2013-2014 school
2 year, the sum of the salary and annual bonus the teacher received in the
3 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

4 **SECTION 1.(f)** As used in this section, the term "teacher" shall also include
5 instructional support personnel.

6 **SECTION 1.(g)** There is appropriated from the General Fund to the Department of
7 Public Instruction for the 2024-2025 fiscal year the sum of eight hundred eighty-six million two
8 hundred fifty-five thousand two hundred ninety-seven dollars (\$886,255,297) in recurring funds
9 to implement the teacher raises provided in this section.

10
11 **PART II. PAY RAISES FOR STATE EMPLOYEES/COMMUNITY COLLEGES/THE**
12 **UNIVERSITY OF NORTH CAROLINA AND COST-OF-LIVING INCREASES FOR**
13 **RETIREES**

14
15 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING**
16 **ADJUSTMENT/LEGISLATIVE SALARY INCREASES**

17 **SECTION 2.1.(a)** Effective July 1, 2024, except as provided by subsection (c) of
18 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
19 Resources Act or as otherwise authorized in this act, and (ii) who is employed in a State-funded
20 position on June 30, 2024, is awarded a cost-of-living adjustment as follows:

- 21 (1) Three percent (3%) effective July 1, 2024.
22 (2) As otherwise allowed or provided by law.

23 **SECTION 2.1.(b)** The following persons are not eligible to receive the legislative
24 salary increases provided by subsection (a) of this section:

- 25 (1) Employees of local boards of education.
26 (2) Local community college employees.
27 (3) Employees of The University of North Carolina.
28 (4) Clerks of superior court compensated under G.S. 7A-101.
29 (5) Officers and employees to which Section 3.7 or Section 3.8 of this Part apply.
30 (6) Employees of the State Bureau of Investigation and Alcohol Law
31 Enforcement compensated under this Part.
32 (7) Employees of the State Highway Patrol compensated under this Part.
33 (8) Employees of schools operated by the Department of Health and Human
34 Services, the Department of Public Safety, Department of Adult Correction,
35 and the State Board of Education who are paid based on the Teacher Salary
36 Schedule.

37 **SECTION 2.1.(c)** Permanent part-time employees shall receive the increase
38 authorized by this section on a prorated and equitable basis.

39 **SECTION 2.1.(d)** No eligible State-funded employee shall be prohibited from
40 receiving the full salary increase provided in this section solely because the employee's salary
41 after applying the legislative increase is above the maximum of the salary range prescribed by
42 the State Human Resources Commission.

43
44 **RECEIPT-SUPPORTED COST-OF-LIVING ADJUSTMENT RESERVE**

45 **SECTION 2.2.** State agencies are authorized to use the funding allotted to them from
46 the Receipt-Supported Cost-of-Living Adjustment Reserve to fundshift a limited number of
47 receipt-supported positions in the General Fund to net appropriation funding.

48
49 **RETENTION PAY FOR STATE EMPLOYEES**

50 **SECTION 2.3.(a)** All references to "longevity" pay in Chapter 126 of the General
51 Statutes shall be replaced with "retention" pay.

1 **SECTION 2.3.(b)** The amount of retention pay provided to employees who are
 2 full-time or over half-time and have a permanent, time-limited or probationary appointment and
 3 who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay
 4 period shall be increased to the following amounts:

Years of Total Service	Retention Pay Percentage
2 but less than 5 years	1.0%
5 but less than 10 years	1.5%
10 but less than 15 years	2.0%
15 but less than 20 years	2.5%
20 but less than 25 years	3.5%
25 or more years	4.5%

12
 13 **RETENTION BONUS AWARDED FOR FISCAL YEAR**

14 **SECTION 2.4.(a)** Any person (i) whose salary is set by Section 1 of this act or this
 15 Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act
 16 and (ii) who is continuously employed by the State or a public school unit from November 1,
 17 2023, to March 31, 2024, shall be awarded an additional retention bonus for the 2023-2024 fiscal
 18 year in the amount of five hundred dollars (\$500.00), payable during the month of May 2024.

19 **SECTION 2.4.(b)** Employers of State employees and local education employees
 20 shall provide an additional retention bonus of two hundred fifty dollars (\$250.00), payable
 21 during the month of May 2024, to all permanent full-time State employees and local education
 22 employees who are employed by the State or a public school unit from November 1, 2023, to
 23 March 31, 2024, and who earn an annual salary that does not exceed seventy-five thousand
 24 dollars (\$75,000).

25 **SECTION 2.4.(c)** The funds appropriated for retention bonuses in excess of the
 26 amounts required to implement these bonuses shall revert and not be credited to the Pay Plan
 27 Reserve.

28 **SECTION 2.4.(d)** Notwithstanding G.S. 135-1(7a), the compensation bonuses
 29 awarded by this section are not compensation under Article 1 of Chapter 135 of the General
 30 Statutes, the Teachers' and State Employees' Retirement System.

31 **SECTION 2.4.(e)** The compensation bonuses awarded by this section are not part of
 32 annual salary and shall be paid out separately. The compensation bonus shall be awarded to
 33 eligible permanent employees without regard to an employee's placement within the salary range,
 34 including employees at the top of the salary range. The compensation bonus shall be adjusted pro
 35 rata for permanent part-time employees.

36
 37 **COMMUNITY COLLEGES**

38 **SECTION 2.5.** Effective July 1, 2024, the State Board of Community Colleges shall
 39 provide community college faculty and non-faculty personnel with an across-the-board salary
 40 increase in the amount of three percent (3%).

41
 42 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

43 **SECTION 2.6.(a)** Effective for the 2024-2025 fiscal year, the annual salaries of The
 44 University of North Carolina SHRA employees shall be increased as provided by Section 7.1 of
 45 this act.

46 **SECTION 2.6.(b)** For the 2024-2025 fiscal year, the Board of Governors of The
 47 University of North Carolina may provide EHRA employees a salary increase pursuant to the
 48 policies adopted by the Board. Funds for EHRA compensation increases may be used for any
 49 one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii)
 50 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant
 51 to those policies.

1	3	66,537
2	4	70,862
3	5	75,468
4	6+	80,374

STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE

SECTION 2.9.(a) Law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 2.9.(b) The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

Years of Experience	FY 2024-25
0	56,650
1	60,332
2	64,253
3	68,430
4	72,878
5	77,615
6+	82,660

PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE

SECTION 2.10.(a) Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

SECTION 2.10.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

SECTION 2.10.(b) The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

Years of Experience	FY 2024-25
0	46,745
1	49,783
2	53,020
3	56,466
4	60,137
5	64,045
6+	68,209

SECTION 2.10.(c) If an employee will not receive a salary increase because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

STATE AGENCY TEACHERS

SECTION 2.11.(a) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, Department of Adult Correction, and the State

1 Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized in
2 this act.

3 **SECTION 2.11.(b)** Employees of the School of Science and Mathematics of The
4 University of North Carolina who are paid pursuant to a salary schedule adopted by the North
5 Carolina School of Science and Mathematics Board of Trustees shall be paid in accordance with
6 the schedule adopted by the Board.

7
8 **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF**
9 **COST-OF-LIVING ADJUSTMENTS**

10 **SECTION 2.12.(a)** The cost-of-living adjustments authorized by this act for the
11 2024-2025 fiscal year, shall be paid effective on July 1, 2024, and do not apply to persons
12 separated from service due to resignation, dismissal, reduction in force, death, or retirement or
13 whose last workday is prior to June 30, 2024.

14 **SECTION 2.12.(b)** The Director of the Budget is granted flexibility to administer
15 the compensation increases enacted by this act.

16 **SECTION 2.12.(c)** The State employer contribution rates enacted by this act for
17 retirement and related benefits may be deemed by the Director of the Budget for administrative
18 purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the
19 collection and reconciliation of salary-related contributions as required by law, provided the
20 estimated amount contributed to any affected employee benefit trust equals the amount that
21 would have been contributed to the employee benefit trust if the enacted employer contribution
22 rates had been effective on July 1 of the applicable fiscal year.

23 **SECTION 2.12.(d)** This section applies to all employees paid from State funds,
24 whether or not subject to or exempt from the North Carolina Human Resources Act, including
25 employees of public schools, community colleges, and The University of North Carolina.

26
27 **MOST STATE EMPLOYEES**

28 **SECTION 2.13.** Unless otherwise expressly provided by this Part, the annual salaries
29 in effect for the following persons on June 30, 2024, shall be legislatively increased as provided
30 by Section 2.1 of this act:

- 31 (1) Permanent, full-time State officials and persons whose salaries are set in
32 accordance with the State Human Resources Act.
- 33 (2) Permanent, full-time State officials and persons in positions exempt from the
34 State Human Resources Act.
- 35 (3) Permanent, part-time State employees.
- 36 (4) Temporary and permanent hourly State employees.

37
38 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT**
39 **INCREASES**

40 **SECTION 2.14.(a)** The Office of State Budget and Management shall ensure that
41 the appropriations made in this act for cost-of-living adjustments and employee benefits are used
42 only for these purposes.

43 **SECTION 2.14.(b)** If the Director of the Budget determines that funds appropriated
44 to a State agency for mandated salary increases and employee benefits exceed the amount
45 required by that agency for those purposes, the Director may reallocate those funds to other State
46 agencies that received insufficient funds for required cost-of-living and benefit increases.

47 **SECTION 2.14.(c)** Funds appropriated for cost-of-living adjustments and employee
48 benefit increases may not be used to adjust the budgeted salaries of vacant positions or to provide
49 salary increases in excess of those required by the General Assembly except to increase the
50 budgeted salary of any position to the minimum of the position's salary range and to meet
51 retention pay needs.

1 **SECTION 2.14.(d)** Any funds appropriated for cost-of-living adjustment and
 2 employee benefit increases in excess of the amounts required to implement the increases pursuant
 3 to subsection (c) of this section shall be credited to the Pay Plan Reserve.

4 **SECTION 2.14.(e)** By October 1, 2024, the Office of State Budget and Management
 5 shall report to the Joint Legislative Commission on Governmental Operations on the expenditure
 6 of funds for legislatively mandated salary increases and employee benefits. This report shall
 7 include at least the following information for each State agency:

- 8 (1) The total amount of funds that the agency received for legislatively mandated
 9 salary increases and employee benefits.
- 10 (2) The total amount of funds transferred from the agency to other State agencies
 11 pursuant to subsection (b) of this section. This section of the report shall
 12 identify the amounts transferred to each recipient State agency.
- 13 (3) The total amount of funds used by the agency for legislatively mandated salary
 14 increases and employee benefits.
- 15 (4) The amount of funds used pursuant to subsection (c) of this section.

16 **SECTION 2.14.(f)** If the compensation provisions of this Part and S.L. 2023-134 are
 17 in conflict, the provisions of this act shall control to resolve the conflict.

18
 19 **SALARY-RELATED CONTRIBUTIONS ADJUSTMENTS**

20 **SECTION 2.15.** Section 39.26(c) of S.L. 2023-134 reads as rewritten:

21 **"SECTION 39.26.(c)** Effective July 1, 2024, the State's employer contribution rates
 22 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025
 23 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 24 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 25 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 26 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
30 Retirement	16.79% <u>17.92%</u>	16.79% <u>17.92%</u>	6.84%	37.00% <u>39.32%</u>	22.00% <u>23.97%</u>
31 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
32 Death	0.13%	0.13%	0.00%	0.00%	0.00%
33 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
34 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

35
 36 **Total Contribution**

37 Rate	24.04% <u>25.17%</u>	29.04% <u>30.17%</u>	13.96%	43.99% <u>46.31%</u>	28.99% <u>30.96%</u>
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38 The rate for teachers and State employees and State law enforcement officers includes
 39 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."

40
 41 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'
 42 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED
 43 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT
 44 SYSTEM**

45 **SECTION 2.16.(a)** G.S. 135-5 is amended by adding the following new subsections
 46 to read:

47 "(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of,
 48 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent
 49 (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section.
 50 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose
 51 retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated

1 amount of two percent (2%), as determined by the Board of Trustees based upon the number of
2 months that a retirement allowance was paid between July 1, 2023, and June 30, 2024.

3 (bbbb) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living
4 supplement payment shall be made to, or on account of, beneficiaries who are living as of
5 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The
6 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as
7 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the
8 beneficiary dies before the payment is made, then the payment shall be payable to the member's
9 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
10 supplemental payments."

11 **SECTION 2.16.(b)** G.S. 135-65 is amended by adding the following new
12 subsections to read:

13 "(ll) Effective July 4, 2024, the retirement allowance payable to, or on account of,
14 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent
15 (2%) of the allowance payable on June 1, 2023. Effective July 4, 2024, the retirement allowance
16 payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but
17 before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by
18 the Board of Trustees based upon the number of months that a retirement allowance was paid
19 between July 1, 2023, and June 30, 2024.

20 (mm) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living
21 supplement payment shall be made to, or on account of, beneficiaries who are living as of
22 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The
23 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as
24 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the
25 beneficiary dies before the payment is made, then the payment shall be payable to the member's
26 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
27 supplemental payments."

28 **SECTION 2.16.(c)** G.S. 120-4.22A is amended by adding the following new
29 subsections to read:

30 "(ff) In accordance with subsection (a) of this section, effective July 4, 2024, the retirement
31 allowance payable to, or on account of, beneficiaries whose retirement commenced on or before
32 January 1, 2024, is increased by two percent (2%) of the allowance payable on June 1, 2024.
33 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries who
34 retirement commenced after January 1, 2024, but before June 30, 2024, is increased by a prorated
35 amount of two percent (2%), as determined by the Board of Trustees based upon the number of
36 months that a retirement allowance was paid between January 1, 2024, and June 30, 2024.

37 (gg) In accordance with subsection (a) of this section, after September 1, 2024, but on or
38 before October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on
39 account of, beneficiaries who are living as of September 1, 2024, and whose retirement
40 commenced on or before September 1, 2024. The payment shall be one percent (1%) of the
41 beneficiary's annual retirement allowance payable as of September 1, 2024, and shall not be
42 prorated for date of retirement commencement. If the beneficiary dies before the payment is
43 made, then the payment shall be payable to the member's legal representative. No beneficiary
44 shall be deemed to have acquired a vested right to any future supplemental payments."

45 46 **APPROPRIATION FOR PAY RAISES AND COST-OF-LIVING INCREASES FOR** 47 **RETIREES**

48 **SECTION 2.17.** Effective July 1, 2024, to fund the pay increases and cost-of-living
49 adjustments awarded in this Part:

- 50 (1) There is appropriated from the General Fund to the Reserve for Compensation
51 Increases the sum of four hundred sixty-three million five hundred eleven

1 thousand dollars (\$463,511,000) in nonrecurring funds for the 2024-2025
2 fiscal year.

- 3 (2) There is appropriated from the General Fund to the Reserve for Compensation
4 Increases the sum of two hundred ninety-four thousand eight hundred
5 seventy-three thousand twenty-eight dollars (\$294,873,728) in recurring
6 funds for the 2024-2025 fiscal year.
7

8 **PART III. EXPAND THE WAGES PROGRAM STATEWIDE**

9 **SECTION 3.** There is appropriated from the General Fund to the Department of
10 Health and Human Services, Division of Child Development and Early Education (Division), the
11 sum of thirty-six million three hundred thousand dollars (\$36,300,000) in recurring funds for the
12 2024-2025 fiscal year to expand the Child Care WAGES program, which provides salary
13 supplements for early childhood educators. The funds shall be used to provide education-based
14 supplements to low-wage educators and expand the program to all 100 counties in this State. The
15 Division shall administer the WAGES program in the same manner as the Infant-Toddler
16 Educator AWARD\$ program.
17

18 **PART IV. SMALL BUSINESS TAX CREDIT**

19 **SECTION 4.(a)** Article 4A of Subchapter I of Chapter 105 of the General Statutes
20 is amended by adding a new section to read:

21 **"§ 105-163.6B. Credit to employers for wages paid.**

22 (a) Credit. – A qualifying taxpayer is allowed a credit against the tax imposed by Part 1
23 or Part 1A of Article 4 of this Chapter, as appropriate, equal to the lesser of (i) ten thousand
24 dollars (\$10,000) or (ii) five percent (5%) of the wages paid by the qualifying taxpayer during
25 the taxable year.

26 (b) Credit Refundable. – If the credit allowed by this section exceeds the tax imposed on
27 the qualifying taxpayer for the taxable year reduced by the sum of all credits allowable, the
28 Secretary must refund the excess to the qualifying taxpayer. The refundable excess is governed
29 by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed by
30 Article 4 of this Chapter. In computing the amount of tax against which multiple credits are
31 allowed, nonrefundable credits are subtracted before refundable credits.

32 (c) Substantiation. – To claim a credit allowed by this section, the qualifying taxpayer
33 must provide any information required by the Secretary. Each qualifying taxpayer claiming a
34 credit under this section must maintain and make available for inspection by the Secretary any
35 records the Secretary considers necessary to determine and verify the amount of the credit to
36 which the qualifying taxpayer is entitled. The burden of proving eligibility for a credit and the
37 amount of the credit rests upon the qualifying taxpayer, and no credit may be allowed to a
38 qualifying taxpayer that fails to maintain adequate records or to make them available for
39 inspection.

40 (d) Sunset. – This section is repealed effective for taxable years beginning on or after
41 January 1, 2027."

42 **SECTION 4.(b)** G.S. 105-163.1 is amended by adding a new subdivision to read:

43 "(11c) Qualifying taxpayer. – An employer or payer subject to income tax under
44 Article 4 of Chapter 105 of the General Statutes that has annual receipts for
45 the most recent previous tax year of eight million dollars (\$8,000,000) or less."

46 **SECTION 4.(c)** This section is effective for taxable years beginning on or after
47 January 1, 2025.
48

49 **PART V. EFFECTIVE DATE**

50 **SECTION 5.** Except as otherwise provided, this act becomes effective July 1, 2024.