

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 1327

Short Title: Reinstated Child Health Insurance Tax Credit. (Public)

Sponsors: Senators Cunningham; Kinnaird, Reeves, and Thomas.

Referred to: Finance.

June 12, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO REINSTATE THE CHILD HEALTH INSURANCE TAX CREDIT.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 105-151.27 is reenacted and reads as rewritten:
5 **"§ 105-151.27. Credit for child health insurance.**

6 (a) Credit. – Subject to the limitations provided in this section, a taxpayer is
7 allowed a credit against the tax imposed by this Division if the taxpayer paid a health
8 insurance premium during the taxable year that provided insurance coverage for the
9 taxpayer's dependent children. The amount of the credit is the amount provided in the
10 table below that corresponds to the taxpayer's adjusted gross income, as a percentage of
11 the applicable federal poverty level (FPL), as defined in G.S. 108A-70.18, based on the
12 taxpayer's family size.

AGI as % of FPL	Credit Amount
0 – 225	\$300
Over 225	\$100

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18 (b) Income Limitations. – To be eligible for the credit allowed under this section,
19 the taxpayer's adjusted gross income (AGI), as calculated under the Code, must be less
20 than the amount listed in the table below:

<u>Filing Status</u>	<u>AGI</u>
Married, filing jointly	\$100,000
Head of Household	80,000
Single	60,000
Married, filing separately	50,000.

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28 (c) Credit Limitations. – The credit allowed by this section may not exceed the
29 amount of health insurance premium the taxpayer paid during the taxable year that

1 provided insurance coverage for the taxpayer's dependent children. A nonresident or
2 part-year resident who claims the credit allowed by this section shall reduce the amount
3 of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c),
4 as appropriate. In order to claim a credit under this section, a taxpayer must provide any
5 information required by the Secretary to establish the taxpayer's eligibility for the credit
6 and the amount of the credit.

7 (d) No Double Benefit. – If the taxpayer claimed a deduction for health insurance
8 costs of self-employed individuals under section 162(l) of the Code for the taxable year,
9 the amount of credit otherwise allowed the taxpayer under this section is reduced by the
10 applicable percentage provided in section 162(l) of the Code. If the taxpayer claimed a
11 deduction for medical care expenses under section 213 of the Code for the taxable year,
12 the taxpayer is not allowed a credit under this section. A taxpayer who claims the credit
13 allowed by this section must provide any information required by the Secretary to
14 demonstrate that the amount paid for premiums for which the credit is claimed was not
15 excluded from the taxpayer's gross income for the taxable year.

16 ~~(e) Credit Refundable. – If the credit allowed by this section exceeds the amount~~
17 ~~of tax imposed by this Division for the taxable year reduced by the sum of all credits~~
18 ~~allowable, the Secretary shall refund the excess to the taxpayer. The refundable excess~~
19 ~~is governed by the provisions governing a refund of an overpayment by the taxpayer of~~
20 ~~the tax imposed in this Division. In computing the amount of tax against which multiple~~
21 ~~credits are allowed, nonrefundable credits are subtracted before refundable credits.~~

22 (f) Definitions. – The following definitions apply in this section:

- 23 (1) Comprehensive health insurance plan. – Any of the following plans,
24 policies, or contracts that provide health benefits coverage for
25 dependent children for inpatient and outpatient hospital services,
26 physicians' surgical and medical services, and laboratory and X-ray
27 services: accident and health insurance policy or certificate; hospital or
28 medical service corporation contract; HMO subscriber contract; plan
29 provided by a MEWA or plan provided by another benefit
30 arrangement, to the extent permitted by ERISA, and the North
31 Carolina Teachers' and State Employees' Comprehensive Major
32 Medical Plan established under Part 3 of Article 3 of Chapter 135 of
33 the General Statutes. "Comprehensive health insurance plan " does not
34 mean any plan implemented or administered through the Department
35 of Health and Human Services.
- 36 (2) Dependent child. – A child under the age of 19 for whom the taxpayer
37 is allowed to deduct a personal exemption under section 151(c)(1)(B)
38 of the Code for the taxable year.
- 39 (3) Family size. – The number of individuals for whom the taxpayer is
40 entitled to deduct a personal exemption under the Code for the taxable
41 year.
- 42 (4) Health insurance premium. – An amount paid by the taxpayer for
43 insurance coverage of the taxpayer's dependent children under a
44 private or employer-sponsored comprehensive health insurance plan

1 and an amount paid to purchase extended coverage under the Health
2 Insurance Program for Children pursuant to G.S. 108A-70.21. The
3 term does not include, however, amounts deducted from or not
4 included in the taxpayer's gross income for the taxable year, as
5 calculated in subsection (d) of this section."

6 **SECTION 2.** This act is effective for taxable years beginning on or after
7 January 1, 2002.