

1 Local boards of education shall report to the State Board of
2 Education on local initiatives implemented with these funds and on the
3 effectiveness of those local initiatives in recruiting and retaining
4 teachers.

5 The State Board of Education shall report to the Joint Legislative
6 Education Oversight Committee on the effectiveness of the different
7 local initiatives by December 15, 2006.

8 9 **INCENTIVES FOR TEACHERS WHO TEACH IN LOW-PERFORMING** 10 **SCHOOLS**

11 **SECTION 2.(a)** There is appropriated from the General Fund to the
12 Department of Public Instruction the sum of three million dollars (\$3,000,000) for the
13 2006-2007 fiscal year to provide an annual bonus of two thousand five hundred dollars
14 (\$2,500) to teachers with national certification from the National Board for Professional
15 Teaching Standards (NBPTS) who teach in schools at which (i) eighty percent (80%) or
16 more of the students are eligible for free or reduced lunch or (ii) fifty percent (50%) or
17 more of students performing below grade level on end-of-grade or end-of-course tests.
18 The bonus shall be paid monthly with matching benefits. Teachers shall remain eligible
19 for the bonuses so long as they continue to teach in one of these disciplines at a school
20 that was eligible for the bonus program when the teacher first received the bonus.

21 For the 2006-2007 fiscal year, no more than 1,500 teachers may qualify for
22 this bonus.

23 **SECTION 2.(b)** In accordance with G.S. 115C-325 and by way of
24 clarification, it shall not constitute a demotion as that term is defined in
25 G.S. 115C-325(a)(4), if:

- 26 (1) A teacher who receives a bonus pursuant to this act is reassigned to a
27 school at which there is no such bonus;
28 (2) A teacher who receives a bonus pursuant to this act is reassigned to
29 teach in a field for which there is no such bonus; or
30 (3) A teacher receives a bonus pursuant to this act, and the bonus is
31 subsequently discontinued or reduced.

32 33 **TAX CREDIT FOR TEACHERS**

34 **SECTION 3.(a)** Part 2 of Article 4 of Chapter 105 of the General Statutes is
35 amended by adding a new section to read:

36 **"§ 105-151.30. Credit for public school teachers.**

37 (a) Credit. – An individual who is employed as a public school teacher for at
38 least 16 weeks during the taxable year is allowed as a credit against the tax imposed by
39 this Part an amount equal to the following:

- 40 (1) Five hundred dollars (\$500.00) for an individual who has, as of the last
41 day of the taxable year, completed at least one but less than five years
42 of service as a public school teacher.

1 (2) One thousand dollars (\$1,000) for an individual who has, as of the last
2 day of the taxable year, completed at least five but less than 10 years
3 of service as a public school teacher.

4 (b) Credit Limitation. – This credit may not exceed the amount of tax imposed by
5 this Part for the taxable year reduced by the sum of all credits allowable, except tax
6 payment made by or on behalf of the taxpayer. Any unused portion of the credit may be
7 carried forward for the succeeding five years.

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

9 (1) Public school. – Any elementary or secondary school located within
10 the borders of this State that is operated by a local school
11 administrative unit, any charter school approved by the State Board of
12 Education and operated in the State, the State, a branch of the federal
13 government, or a federally recognized Indian tribe.

14 (2) Public school teacher. – A full-time permanent employee of a public
15 school who spends at least fifty percent (50%) of the school day
16 providing classroom instruction."

17 **SECTION 3.(b)** G.S. 105-160.3(b) is amended by adding a new subdivision
18 to read:

19 "(8) G.S. 105-151.30. Credit for public school teachers."

20 **SECTION 3.(c)** This section is effective for taxable years beginning on or
21 after January 1, 2007. This section is repealed effective for taxable years beginning on
22 or after January 1, 2009.

23 **SECTION 3.(d)** This section does not affect the rights or liabilities of the
24 State, a taxpayer, or another person arising under a statute amended or repealed by this
25 section before the effective date of its amendment or repeal; nor does it affect the right
26 to any refund or credit of a tax that accrued under the amended or repealed statute
27 before the effective date of its amendment or repeal.

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29 **EFFECTIVE DATE**

30 **SECTION 4.** This act becomes effective July 1, 2006.