

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH30036-LY-80 (2/2)

Short Title: Tax Credit for Employing Felons.

(Public)

Sponsors: Representative Pierce.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR EMPLOYING FELONS.

The General Assembly of North Carolina enacts:

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

"§ 105-130.47. Credit for employing felons.

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

(1) Felon – A high-level, intermediate-level, or low-level felon.

(2) Full-time job. – A position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year.

(3) High-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class A through E felony or has been released from incarceration for a Class A through E felony.

(4) Intermediate-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class F or G felony or has been released from incarceration for a Class F or G felony.

(5) Low-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class H or I felony or has been released from incarceration for a Class H or I felony.

(b) Credit. – A taxpayer who employs a felon in a full-time job for a period of at least nine months during the taxable year is allowed a credit against the tax imposed by this part. The amount of the credit is based on the level designation of the felon as follows:

<u>Level</u>	<u>Amount</u>
High	\$1,000
Intermediate	\$500.00
Low	\$250.00

(c) Cap. – The credit allowed by this section may not exceed fifty percent (50%) of the amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except payments of tax made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of the credit, including carryforwards, claimed by the taxpayer under this section for the taxable year. Any unused portion of the credit may be carried forward for the succeeding five years."

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

"§ 105-151.29. Credit for employing felons.

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

- (1) Felon. – A high-level, intermediate-level, or low-level felon.
- (2) Full-time job. – A position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year.
- (3) High-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class A through E felony or has been released from incarceration for a Class A through E felony.
- (4) Intermediate-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class F or G felony or has been released from incarceration for a Class F or G felony.
- (5) Low-level felon. – A person who, within the five calendar years preceding the beginning of the taxable year, has been convicted of a Class H or I felony or has been released from incarceration for a Class H or I felony.

(b) Credit. – A taxpayer who employs a felon in a full-time job for a period of at least nine months during the taxable year is allowed a credit against the tax imposed by this Part. The amount of the credit is based on the level designation of the felon as follows:

<u>Level</u>	<u>Amount</u>
High	\$1,000
Intermediate	\$500.00
Low	\$250.00

(c) Cap. – The credit allowed by this section may not exceed fifty percent (50%) of the amount of the tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except payments of tax made by or on behalf of the taxpayer. This limitation applies to the cumulative amount of the credit, including carryforwards, claimed by the taxpayer under this section for the taxable year. Any unused portion of the credit may be carried forward for the succeeding five years."

1 **SECTION 3.** This act is effective for taxable years beginning on or after
2 January 1, 2005.