## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2005

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## HOUSE DRH30036-LY-80 (2/2)

Short Title: Tax Credit for Employing Felons.

Sponsors:Representative Pierce.Referred to:

1			A BILL TO BE ENTITLED	
2	AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR EMPLOYING FELONS.			
3	The General Assembly of North Carolina enacts:			
4		<b>SECTION 1.</b> Part 1 of Article 4 of the General Statutes is amended by		
5	adding a new section to read:			
6	" <u>§ 105-130.47. Credit for employing felons.</u>			
7	<u>(a)</u>		itions. – The following definitions apply in this section:	
8		<u>(1)</u>	Felon – A high-level, intermediate-level, or low-level felon.	
9		(2)	Full-time job. – A position that requires at least 1,600 hours of work	
10			per year and is intended to be held by one employee during the entire	
11			year.	
12		<u>(3)</u>	High-level felon A person who, within the five calendar years	
13			preceding the beginning of the taxable year, has been convicted of a	
14			Class A through E felony or has been released from incarceration for a	
15			<u>Class A through E felony.</u>	
16		<u>(4)</u>	Intermediate-level felon A person who, within the five calendar	
17			years preceding the beginning of the taxable year, has been convicted	
18			of a Class F or G felony or has been released from incarceration for a	
19			Class F or G felony.	
20		<u>(5)</u>	Low-level felon. – A person who, within the five calendar years	
21			preceding the beginning of the taxable year, has been convicted of a	
22			Class H or I felony or has been released from incarceration for a Class	
23			<u>H or I felony.</u>	
24	<u>(b)</u>	Credi	t. – A taxpayer who employs a felon in a full-time job for a period of at	
25	least nine months during the taxable year is allowed a credit against the tax imposed by			
26	<u>this part.</u>	The a	amount of the credit is based on the level designation of the felon as	
27	follows:			

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1		Level Amount			
2		High \$1,000			
3		Intermediate \$500.00			
4		<u>Low</u> \$250.00			
5	<u>(c)</u> <u>Ca</u>	p. – The credit allowed by this section may not exceed fifty percent (50%)			
6		t of the tax imposed by this Part for the taxable year reduced by the sum of			
7	all credits allowable, except payments of tax made by or on behalf of the taxpayer. This				
8	limitation applies to the cumulative amount of the credit, including carryforwards,				
9	claimed by the taxpayer under this section for the taxable year. Any unused portion of				
10	the credit may be carried forward for the succeeding five years."				
11	SECTION 2. Part 2 of Article 4 of Chapter 105 of the General Statutes is				
12	amended by adding a new section to read:				
13	" <u>§ 105-151.29. Credit for employing felons.</u>				
14	<u>(a)</u> <u>De</u>	finitions. – The following definitions apply in this section:			
15	<u>(1)</u>	<u>Felon. – A high-level, intermediate-level, or low-level felon.</u>			
16	(2)	Full-time job. – A position that requires at least 1,600 hours of work			
17		per year and is intended to be held by one employee during the entire			
18		<u>year.</u>			
19	<u>(3)</u>	<u>High-level felon. – A person who, within the five calendar years</u>			
20		preceding the beginning of the taxable year, has been convicted of a			
21		Class A through E felony or has been released from incarceration for a			
22		<u>Class A through E felony.</u>			
23	<u>(4)</u>				
24		years preceding the beginning of the taxable year, has been convicted			
25		of a Class F or G felony or has been released from incarceration for a			
26		<u>Class F or G felony.</u>			
27	<u>(5)</u>	Low-level felon. – A person who, within the five calendar years			
28		preceding the beginning of the taxable year, has been convicted of a			
29		Class H or I felony or has been released from incarceration for a Class			
30		<u>H or I felony.</u>			
31	(b) <u>Credit. – A taxpayer who employs a felon in a full-time job for a period of at</u>				
32	least nine months during the taxable year is allowed a credit against the tax imposed by				
33	<u>this Part. Th</u>	e amount of the credit is based on the level designation of the felon as			
34	follows:				
35		Level <u>Amount</u>			
36		<u>High</u> <u>\$1,000</u>			
37		Intermediate \$500.00			
38		<u>Low</u> <u>\$250.00</u>			
39	<u>(c)</u> <u>Ca</u>	p. – The credit allowed by this section may not exceed fifty percent (50%)			
40		t of the tax imposed by this Part for the taxable year reduced by the sum of			
41	all credits allowable, except payments of tax made by or on behalf of the taxpayer. This				
42	limitation applies to the cumulative amount of the credit, including carryforwards,				
43	•	he taxpayer under this section for the taxable year. Any unused portion of			
44	the credit ma	y be carried forward for the succeeding five years."			

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