

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE DRH70054-LY-83 (2/3)

Short Title: Earned Income Tax Credit. (Public)

Sponsors: Representative Insko.

Referred to:

1
2 A BILL TO BE ENTITLED
3 AN ACT TO CREATE A STATE EARNED INCOME TAX CREDIT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Part 2 of Article 4 of Chapter 105 of the General Statutes is
6 amended by adding a new section to read:

7 "**§ 105-151.29. Earned income tax credit.**

8 (a) Credit. – An individual who claims for the taxable year an earned income tax
9 credit under section 32 of the Code is allowed a credit against the tax imposed by this
10 Part equal to ten percent (10%) of the amount of credit the individual qualified for under
11 section 32 of the Code. A nonresident or part-year resident who claims the credit
12 allowed by this section must reduce the amount of the credit by multiplying it by the
13 fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.

14 (b) Credit Refundable. – If the credit allowed by this section exceeds the amount
15 of tax imposed by this Part for the taxable year reduced by the sum of all credits
16 allowable, the Secretary must refund the excess to the taxpayer. The refundable excess
17 is governed by the provisions governing a refund of an overpayment by the taxpayer of
18 the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned
19 Income Credit, does not apply to the credit allowed by this section. In computing the
20 amount of tax against which multiple credits are allowed, nonrefundable credits are
21 subtracted before refundable credits."

22 **SECTION 2.** G.S. 105-160.3(b) is amended by adding a new subdivision to
23 read:

24 "(b) The following credits are not allowed to an estate or trust:

25 ...

26 (8) G.S. 105-151.29. Earned income tax credit."

1 **SECTION 3.** This act becomes effective for taxable years beginning on or
2 after January 1, 2006.