Short Title:	Earned Income Tax Credit. (Public)
Sponsors:	Representatives Insko, Parmon, Goodwin, Weiss (Primary Sponsors); Alexander, Harrison, Howard, Luebke, and Wainwright.
Referred to:	Finance.

March 2, 2005

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