

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE BILL 1980

Short Title: Income Tax Rebate.

(Public)

Sponsors: Senators Berger of Rockingham; Allran, Brown, Goodall, Jacumin,
Smith, Stevens, and Tillman.

Referred to: Finance.

May 26, 2006

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE A ONE-TIME TAX REBATE TO EACH INDIVIDUAL
2 TAXPAYER WHO RESIDES IN THIS STATE.
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4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** Taxpayer Rebate. – The Department of Revenue shall
6 implement a one-time income tax rebate program as provided in this act. For the
7 purpose of this act, the term "income tax" means the individual income tax levied in
8 Part 2 of Article 4 of Chapter 105 of the General Statutes. Every individual who was a
9 resident of this State for part or all of the individual's taxable year beginning in 2005
10 and who was liable for and paid income tax for that taxable year before the deadline
11 provided in this act is eligible for an income tax rebate as provided in this section. The
12 rebate is equal to one hundred dollars (\$100.00) for each taxpayer plus twenty-five
13 dollars (\$25.00) for each dependent, other than the taxpayer, for whom the taxpayer
14 claimed a personal exemption. In the case of a married couple filing a joint return, the
15 Department shall treat each spouse as a separate taxpayer for the purpose of this tax
16 rebate. In the case of a taxpayer who has two taxable years beginning in 2005, this act
17 applies only to the first of those taxable years.

18 **SECTION 1.(b)** Setoff Debt Collection. – Before paying a rebate pursuant
19 to this act, the Department of Revenue shall, pursuant to Chapter 105A of the General
20 Statutes, set off any debts owing a State or local agency against the rebate to the same
21 extent as if the rebate were a refund as defined in G.S. 105A-2. The procedure for
22 setting off debts shall be as provided in Chapter 105A of the General Statutes.

23 **SECTION 1.(c)** Deadlines. – To qualify for the rebate provided in this act,
24 the taxpayer must file a final return and pay the entire income tax due for the taxable
25 year within 90 days after the due date, including any approved filing extensions, of the
26 return. The Department of Revenue shall pay the rebate by check mailed within 90 days
27 after the later of (i) September 15, 2006, (ii) the date the return was due, including any
28 approved filing extensions, or (iii) the date the return was filed and the entire tax was

1 paid. Rebates paid after this deadline shall bear interest from the date due until paid at
2 the rate established under G.S. 105-241.1(i). No tax rebate shall be made to a taxpayer
3 who did not file a final return and pay the entire income tax due for their 2005 taxable
4 year by the deadline set in this act.

5 **SECTION 1.(d)** Source of Funds for Rebates. – The rebate program
6 provided in this act is a one-time expenditure and does not affect recurring revenues. In
7 order to pay for the rebate program provided in this act, the Department of Revenue
8 shall draw from collections received under Part II of Article 4 of Chapter 105 of the
9 General Statutes an amount equal to the cost of the rebates and of administering the
10 rebate program.

11 **SECTION 2.** This act becomes effective July 1, 2006.