

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 211*

Short Title: Elderly Care Tax Credit.

(Public)

Sponsors: Senators Rauch, Winner, Plyler; Cochrane, Raynor, and Ezzell.

Referred to: Finance.

February 20, 1989

A BILL TO BE ENTITLED

AN ACT TO ALLOW AN INCOME TAX CREDIT TO A HOUSEHOLD WHEN ONE SPOUSE PROVIDES FULL-TIME CARE FOR A PARENT WHO WOULD OTHERWISE BE IN A NURSING HOME.

The General Assembly of North Carolina enacts:

Section 1. Division II of Article 4 of Chapter 105 of the General Statutes is amended by adding after G.S. 104-151.17 a new section to read:

"§ 105-151.18. Credit for care for the elderly.

(a) A taxpayer who is married and living with his spouse during the entire taxable year, whose spouse is not gainfully employed or a student at an educational institution at any time during the taxable year, and whose spouse provides care for a qualifying parent of the spouse or of the taxpayer, is allowed as a credit against the tax imposed by this Division three hundred dollars (\$300.00) for each taxable year. The amount of the credit allowed by this section shall be reduced by an amount equal to seven percent (7%) of the total value of all gifts of property, both tangible and intangible, received by the taxpayer or the taxpayer's spouse during the taxable year from the qualifying parent or the qualifying parent's spouse.

(b) The term 'qualifying parent' means a parent of the taxpayer or the taxpayer's spouse who (i) lives with the taxpayer and the taxpayer's spouse during the entire taxable year, (ii) is 65 years of age or older, and (iii) is eligible for nursing home care.

(c) To be eligible for the credit allowed by this section, the taxpayer and the taxpayer's spouse must file a combined return for the taxable year and must attach to the tax return a physician's order or other statement from a physician certifying that the qualifying parent is eligible for nursing home care. A taxpayer who takes a deduction

1 under G.S. 105-147(28) for amounts paid for the maintenance and care of a qualifying
2 parent may not claim a credit under this section with respect to the qualifying parent.

3 (d) The credit allowed by this section may not exceed the amount of tax imposed
4 by this Division for the taxable year reduced by the sum of all credits allowable under
5 this Division, except for payments of tax made by or on behalf of the taxpayer."

6 Sec. 2. G.S. 105-147(28) reads as rewritten:

7 "(28) Amounts paid, not to exceed three thousand dollars (\$3,000), for the
8 maintenance and care of the individual's parent or parents. The
9 deduction allowed by this subdivision shall be reduced by the
10 amount by which the total value of all gifts of property, both tangible
11 and intangible, received during the taxable year from the parent or
12 parents for whom this deduction is claimed exceeds one hundred
13 dollars (\$100.00).

14 If the individual makes payments for the maintenance and care of
15 one parent, the individual may take this deduction only if:

- 16 a. The individual does not take an exemption for the parent under
17 G.S. ~~105-149(a)(5);~~ 105-149(a)(5) or a credit with respect to the
18 parent under G.S. 105-151.18;
19 b. The parent is not in a public or private institution;
20 c. The parent's disposable income, as defined in G.S. 105-
21 277.1(b)(2), does not exceed nine thousand dollars (\$9,000);
22 d. The parent is aged 65 or older; and
23 e. The parent is a North Carolina resident.

24 If the individual makes payments for the maintenance and care of both
25 parents, the individual may take this deduction only if:

- 26 a. The individual does not take an exemption for either parent
27 under G.S. ~~105-149(a)(5);~~ 105-149(a)(5) or a credit with respect
28 to either parent under G.S. 105-151.18;
29 b. Neither parent is in a public or private institution;
30 c. The parents' combined disposable income, as defined in G.S.
31 105-277.1(b)(2), does not exceed nine thousand dollars
32 (\$9,000);
33 d. At least one parent is aged 65 or over; and
34 e. Both parents are North Carolina residents."

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

36 1989.