

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

2

HOUSE BILL 720*
Second Edition Engrossed 5/10/93

Short Title: Expand Child Care Credit.

(Public)

Sponsors: Representatives G. Miller, Easterling, Hackney, H. Hunter, Nye; Alexander, Barnhill, Cummings, Fitch, Flaherty, Hall, Hensley, Judy Hunt, R. Hunter, Jeffus, Lemmond, Luebke, McLawhorn, Moore, Smith, Sutton, Wainwright, Wilmoth, and Wright.

Referred to: Finance.

April 1, 1993

A BILL TO BE ENTITLED

1 AN ACT TO INCREASE THE INCOME TAX CREDIT FOR CHILD AND
2 DEPENDENT CARE EXPENSE FOR FAMILIES WITH INCOME BELOW
3 FORTY THOUSAND DOLLARS A YEAR.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 105-151.11 reads as rewritten:

6 "**§ 105-151.11. Credit for child care and certain employment-related expenses.**

7 (a) Credit. – A person who is allowed a credit against federal income tax for a
8 percentage of employment-related expenses under section 21 of the Code shall be
9 allowed as a credit against the tax imposed by this Division an amount equal to the
10 applicable percentage of the employment-related expenses as defined in section 21(b)(2)
11 of the Code. In order to claim the credit allowed by this section, the taxpayer must
12 provide with the tax return the information required by the Secretary.

13 (a1) Applicable Percentage. – For employment-related expenses that are incurred
14 only with respect to one or more dependents who are seven years old or older and are
15 not physically or mentally incapable of caring for themselves, the applicable percentage
16 is ~~seven percent (7%).~~ the appropriate percentage in the column labeled 'Percentage A' in
17 the table below, based on the taxpayer's adjusted gross income determined under the
18 Code. For employment-related expenses with respect to any other qualifying
19 individual, the applicable percentage is ~~ten percent (10%).~~ the appropriate percentage in
20

1 the column labeled 'Percentage B' in the table below, based on the taxpayer's adjusted
2 gross income determined under the Code.

<u>Filing Status</u>	<u>Adjusted Gross Income</u>	<u>Percentage A</u>	<u>Percentage B</u>
<u>Head of Household</u>	<u>Up to \$20,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$20,000 up to \$32,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$32,000</u>	<u>7%</u>	<u>10%</u>
<u>Surviving Spouse or Joint Return</u>	<u>Up to \$25,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$25,000 up to \$40,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$40,000</u>	<u>7%</u>	<u>10%</u>
<u>Single</u>	<u>Up to \$15,000</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$15,000 up to \$24,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$24,000</u>	<u>7%</u>	<u>10%</u>
<u>Married Filing Separately</u>	<u>Up to \$12,500</u>	<u>9%</u>	<u>13%</u>
	<u>Over \$12,500 up to \$20,000</u>	<u>8%</u>	<u>11.5%</u>
	<u>Over \$20,000</u>	<u>7%</u>	<u>10%</u>

39 (b) Employment Related Expenses. – The amount of employment-related
40 expenses for which a credit may be claimed may not exceed two thousand four hundred
41 dollars (\$2,400) if the taxpayer's household includes one qualifying individual, as
42 defined in section 21(b)(1) of the Code, and may not exceed four thousand eight
43 hundred dollars (\$4,800) if the taxpayer's household includes more than one qualifying
44 individual.

1 ~~(c) No credit shall be allowed under this section unless the taxpayer completes and~~
2 ~~attaches to the tax return the necessary form or forms as may be required by the~~
3 ~~Secretary.~~ Limitations. – No credit shall be allowed under this section for amounts
4 deducted from gross income in calculating taxable income under the Code. ~~(d)~~ The
5 credit allowed by this section may not exceed the amount of tax imposed by this
6 Division for the taxable year reduced by the sum of all credits allowable under this
7 Division, except for payments of tax made by or on behalf of the taxpayer. ~~(e)~~ No
8 credit shall be allowed under this section with respect to employment-related expenses
9 paid by a nonresident of this State."

10 Sec. 2. This act is effective for taxable years beginning on or after January 1,
11 1993.