

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 20
Committee Substitute Favorable 8/4/05

Short Title: Health Insurance Credit/Minimum Wage.

(Public)

Sponsors:

Referred to:

January 31, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR SMALL BUSINESSES THAT PROVIDE EMPLOYEE HEALTH INSURANCE AND TO AMEND THE WAGE AND HOUR ACT TO RAISE THE STATE MINIMUM WAGE TO A LIVABLE WAGE.

The General Assembly of North Carolina enacts:

PART I. SMALL BUSINESS HEALTH INSURANCE TAX CREDIT

SECTION 1.1. Article 3B of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-129.16E. Credit for small business employee health benefits.

(a) Credit. – A small business that provides health benefits for all of its eligible employees during the taxable year is allowed a credit to offset its costs in providing health benefits for its eligible employees. For the purposes of this subsection, a taxpayer provides health benefits if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125 or if its employees have qualifying existing coverage.

The credit is equal to a dollar amount per eligible employee, not to exceed the taxpayer's costs of providing health benefits for its eligible employees during the taxable year. For each eligible employee for whom the taxpayer pays premiums for health care coverage, the amount is four hundred dollars (\$400.00).

(b) Allocation. – If the taxpayer is an individual who is a nonresident or a part-year resident, the taxpayer must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. If the taxpayer is not an individual and is required to apportion its multistate business income to this State, the taxpayer must reduce the amount of the credit by multiplying it by the apportionment fraction used to apportion its business income to this State.

(c) Definitions. – The following definitions apply in this section:

(1) Eligible employee. – Defined in G.S. 58-50-110.

(2) Qualifying existing coverage. – Defined in G.S. 58-50-130(a)(4a).

(3) Small business. – A taxpayer that employs no more than 25 eligible employees throughout the taxable year.

(d) No Double Benefit. – A taxpayer may not claim a credit under this section for costs for which it claimed a deduction under the Code. A taxpayer that claims a credit provided under this section must adjust taxable income as provided in G.S. 105-130.5(a)(16) or G.S. 105-134.6(c)(9), as applicable.

(e) Sunset. – This section expires for taxable years beginning on or after January 1, 2010."

SECTION 1.2. G.S. 105-129.15A is repealed.

SECTION 1.3. G.S. 105-129.16 is repealed.

SECTION 1.4. G.S. 105-129.16A is amended by adding a new subsection to read:

"(e) Sunset. – This section is repealed for renewable energy property placed in service on or after January 1, 2006."

SECTION 1.5. G.S. 105-129.16C is amended by adding a new subsection to read:

"(d) Sunset. – This section is repealed for taxable years beginning on or after January 1, 2006."

SECTION 1.6. G.S. 105-130.5(a) is amended by adding a new subdivision to read:

"(a) The following additions to federal taxable income shall be made in determining State net income:

...

(16) To the extent not included in federal taxable income, the costs of providing employee health benefits for which the taxpayer claims a credit under G.S. 105-129.16E."

SECTION 1.7. G.S. 105-134.6(c) is amended by adding a new subdivision to read:

"(c) Additions. – The following additions to taxable income shall be made in calculating North Carolina taxable income, to the extent each item is not included in taxable income:

...

(9) The costs of providing employee health benefits for which the taxpayer claims a credit under G.S. 105-129.16E."

PART II. INCREASE MINIMUM WAGE

SECTION 2. G.S. 95-25.3(a) reads as rewritten:

"§ 95-25.3. **Minimum wage.**

(a) Every employer shall pay to each employee who in any workweek performs any work, wages of at least ~~the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time,~~ six dollars (\$6.00) per hour, except as otherwise provided in this section."

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PART III. EFFECTIVE DATES

SECTION 3. Sections 1.1, 1.6, and 1.7 of this act are effective for taxable years beginning on or after January 1, 2006. Section 2 of this act becomes effective January 1, 2006. The remainder of this act is effective when it becomes law.