

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE DRH60051-LY-71 (2/7)

Short Title: Tax Credit - Nonpublic School Students. (Public)

Sponsors: Representative Blackwood.

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO INCREASE PER PUPIL FUNDING IN PUBLIC SCHOOLS AND
3 REDUCE THE BURDEN ON RAPIDLY GROWING COUNTIES OF
4 CLASSROOM CONSTRUCTION BY ALLOWING AN INDIVIDUAL INCOME
5 TAX CREDIT FOR PART OF THE EXPENSE OF EDUCATING CHILDREN
6 VOLUNTARILY INCURRED BY PARENTS AND TO INCLUDE NONPUBLIC
7 SCHOOL STUDENTS IN THE AVERAGE DAILY MEMBERSHIP OF LOCAL
8 SCHOOL ADMINISTRATIVE UNITS.

9 Whereas, many areas of the State are growing so rapidly that it has become
10 difficult to adequately fund the construction of public schools to deal with the growth in
11 enrollment levels they are experiencing; and

12 Whereas, the citizens of this State have shown, through their support of
13 charter schools and various private and church schools, their willingness to support
14 education alternatives that reduce the overcrowding in public schools; and

15 Whereas, the best way to provide adequate per pupil funding for public
16 schools is to provide parents, who are interested in schools which receive less public
17 support, some financial assistance, but less than would be required if those children
18 attended public school; Now, therefore,

19 The General Assembly of North Carolina enacts:

20 **SECTION 1.** Part 2 of Article 4 of Chapter 105 of the General Statutes is
21 amended by adding a new section to read:

22 "**§ 105-151.31. Education expenses credit.**

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

24 (1) Dependent child. – A child for whom the taxpayer is entitled to deduct
25 a personal exemption under section 151(c)(1)(B) of the Code for the
26 taxable year.

27 (2) Home school. – Defined in G.S. 115C-563.

1 (3) Rapidly growing county. – A county in which the average daily
2 membership of a local school administrative unit has increased by at
3 least twenty percent (20%) over any 10-year period beginning on or
4 after January 1, 1995, based on data available from the Department of
5 Public Instruction.

6 (b) Credit. – A taxpayer whose dependent child would otherwise attend a public
7 school other than a charter school in a rapidly growing county is allowed a credit
8 against the tax imposed by this Part for each of the taxpayer's dependent children who is
9 a resident of this State and who is educated lawfully in grades K through 12 in a charter
10 school or other than in a public school for at least five months during the taxable year.

11 (c) Amount. – The credit amount is two hundred dollars (\$200.00) per month for
12 each child who is educated in a home school during the taxable year. For a child who is
13 educated in a charter school, the credit amount is the amount voluntarily contributed by
14 the taxpayer to the school for capital construction, not to exceed fifty percent (50%) of
15 the amount of the average per pupil allocation for average daily membership for the
16 local school administrative unit in which the child attends school. For a child other than
17 a child who is educated in a home school or a charter school, the credit amount is the
18 amount of tuition the taxpayer paid to educate the child, not to exceed fifty percent
19 (50%) of the amount of the average per pupil allocation for average daily membership
20 for the local school administrative unit in which the child would have otherwise
21 attended school.

22 (d) Credit Refundable. – If the credit allowed by this section exceeds the amount
23 of tax imposed by this Part for the taxable year reduced by the sum of all credits
24 allowable, the Secretary must refund the excess to the taxpayer. The refundable excess
25 is governed by the provisions governing a refund of an overpayment by the taxpayer of
26 the tax imposed in this Part. In computing the amount of tax against which multiple
27 credits are allowed, nonrefundable credits are subtracted before refundable credits.

28 (e) Information. – In order to claim the credit allowed by this section, the
29 taxpayer must provide the following information to the Secretary:

- 30 (1) The name, address, and social security number of each child with
31 respect to whom a credit is claimed.
32 (2) The name and address of the school in which each child with respect to
33 whom a credit is claimed was educated during the year.
34 (3) The name of the local school administrative unit in which the child
35 resides."

36 **SECTION 2.** Part 4 of Article 39 of Chapter 115C of the General Statutes is
37 amended by adding a new section to read:

38 "**§ 115C-567. Inclusion in average daily membership.**

39 For the purposes of calculating the average daily membership of a local school
40 administrative unit for the allocation of State funds, a child who attends a school under
41 this Article shall be included in the calculation on a twenty-five percent (25%) basis for
42 the local school administrative unit that the child would have otherwise attended."

43 **SECTION 3.** Section 1 of this act is effective for taxable years beginning on
44 or after January 1, 2007. The remainder of this act becomes effective July 1, 2007.