## GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2007

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## HOUSE DRH80011-LY-10A (12/10)

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Short Title:	Rewarding Work Tax Credit.	(Public)
Sponsors:	Representatives Wainwright, Adams, and Coleman (Primary Sponsors).	
Referred to:		

1	A BILL TO BE ENTITLED
2	AN ACT TO PROVIDE FOR A STATE-EARNED INCOME TAX CREDIT BY
3	CREATING THE REWARDING WORK TAX CREDIT.
4	The General Assembly of North Carolina enacts:
5	<b>SECTION 1.</b> Part 2 of Article 4 of Chapter 105 of the General Statutes is
6	amended by adding a new section to read:
7	" <u>§ 105-151.31. Rewarding work tax credit.</u>
8	(a) <u>Credit. – An individual who claims for the taxable year an earned income tax</u>
9	credit under section 32 of the Code is allowed a credit against the tax imposed by this
10	Part equal to five percent (5%) of the amount of credit the individual qualified for under
11	section 32 of the Code. A nonresident or part-year resident who claims the credit
12	allowed by this section must reduce the amount of the credit by multiplying it by the
13	fraction calculated under G.S. 105-134.5(b) or (c), as appropriate.
14	(b) <u>Credit Refundable. – If the credit allowed by this section exceeds the amount</u>
15	of tax imposed by this Part for the taxable year reduced by the sum of all credits
16	allowable, the Secretary must refund the excess to the taxpayer. The refundable excess
17	is governed by the provisions governing a refund of an overpayment by the taxpayer of
18	the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned
19	Income Credit, does not apply to the credit allowed by this section. In computing the
20	amount of tax against which multiple credits are allowed, nonrefundable credits are
21	subtracted before refundable credits."
22	<b>SECTION 2.</b> G.S. 105-160.3(b) reads as rewritten:
23	"(b) The following credits are not allowed to an estate or trust:
24	(1) G.S. 105-151. Tax credits for income taxes paid to other states by
25	individuals.
26	(2) G.S. 105-151.11. Credit for child care and certain employment-related
27	expenses.

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1	(3) G.S. 105-151.18. Credit for the disabled.
2	(4) G.S. 105-151.24. Credit for children.
3	(5) G.S. 105-151.26. Credit for charitable contributions by nonitemizers.
4	(6) Repealed by Session Laws 2004-170, s. 17, effective August 2, 2004.
5	(7) G.S. 105-151.28. Credit for long-term care insurance.
6	(8) G.S. 105-151.30. Credit for recycling oyster shells.
7	(9) G.S. 105-151.30. Rewarding work tax credit."
8	SECTION 3. This act becomes effective for taxable years beginning on or
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9 after January 1, 2007.