

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 829

Short Title: Credit for Hiring Welfare Recipients.

(Public)

Sponsors: Senators Lucas; Ballantine, Dalton, Jenkins, Kinnaird, and Weinstein.

Referred to: Finance.

April 14, 1997

A BILL TO BE ENTITLED

AN ACT TO PROVIDE AN ADDITIONAL JOBS TAX CREDIT FOR CREATING
JOBS FOR WELFARE RECIPIENTS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-129.2 reads as rewritten:

"§ 105-129.2. (Repealed effective January 1, 2002 – see note) Definitions.

The following definitions apply in this Article:

(1) Cost. – Defined in section 179 of the Code.

(2) Data processing. – Defined in the Standard Industrial Classification Manual issued by the United States Bureau of the Census.

(3) Enterprise tier. – The classification assigned to an area pursuant to G.S. 105-129.3.

(4) Full-time job. – A position that requires at least 1,600 hours of work per year and is intended to be held by one employee during the entire year. A full-time employee is an employee who holds a full-time job.

(5) Machinery and equipment. – Engines, machinery, tools, and implements that are capitalized by the taxpayer for tax purposes under the Code and are used or designed to be used in manufacturing or processing, warehousing and distribution, or data processing. The term does not

include real property as defined in G.S. 105-273 or rolling stock as defined in G.S. 105-333.

(6) Manufacturing and processing. – Defined in the Standard Industrial Classification Manual issued by the United States Bureau of the Census.

(7) Purchase. – Defined in section 179 of the Code.

(8) Warehousing and distribution. – Defined in the Standard Industrial Classification Manual issued by the United States Bureau of the Census.

(9) Welfare recipient. – A person who was a recipient of aid to families with dependent children within the 12-month period before being hired by the taxpayer."

Section 2. G.S. 105-129.8 reads as rewritten:

"§ 105-129.8. (Repealed effective January 1, 2002) Credit for creating jobs.

(a) Credit. – A taxpayer that meets the eligibility requirements set out in G.S. 105-129.4, has five or more employees for at least 40 weeks during the taxable year, and hires an additional full-time employee during that year to fill a position located in this State is allowed a credit for creating a new full-time job. The amount of the credit for each new full-time job created is set out in the table below and is based on the enterprise tier of the area in which the position is located:

Area Enterprise Tier	Amount of Credit
Tier One	\$12,500
Tier Two	4,000
Tier Three	3,000
Tier Four	1,000
Tier Five	500

A position is located in an area if more than fifty percent (50%) of the employee's duties are performed in the area. In addition, if the taxpayer hires a welfare recipient to fill a newly created job that qualifies for the credit, the taxpayer is allowed an additional credit of four thousand dollars (\$4,000) for the job.

The credit may not be taken in the taxable year in which the additional employee is hired. Instead, the credit shall be taken in equal installments over the four years following the taxable year in which the additional employee was hired and shall be conditioned on the continued employment by the taxpayer of the number of full-time employees the taxpayer had upon hiring the employee that caused the taxpayer to qualify for the credit.

If, in one of the four years in which the installment of a credit accrues, the number of the taxpayer's full-time employees falls below the number of full-time employees the taxpayer had in the year in which the taxpayer qualified for the credit, the credit expires and the taxpayer may not take any remaining installment of the credit. The taxpayer may, however, take the portion of an installment that accrued in a previous year and was carried forward to the extent permitted under G.S. 105-129.5.

If, in one of the four years in which the installment of a credit accrues, a job for which the additional welfare recipient credit was allowed is no longer filled by a welfare recipient, the additional welfare recipient credit expires and the taxpayer may not take

1 any remaining installment of the additional welfare recipient credit with respect to that
2 job.

3 Jobs transferred from one area in the State to another area in the State shall not be
4 considered new jobs for purposes of this section. If, in one of the four years in which the
5 installment of a credit accrues, the position filled by the employee is moved to an area in
6 a higher- or lower-numbered enterprise tier, the remaining installments of the credit shall
7 be calculated as if the position had been created initially in the area to which it was
8 moved.

9 (b) Repealed by Session Laws 1989, c. 111, s. 1.

10 (b1), (c) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3.

11 (d) Planned Expansion. – A taxpayer that signs a letter of commitment with the
12 Department of Commerce to create at least twenty new full-time jobs in a specific area
13 within two years of the date the letter is signed qualifies for the credit in the amount
14 allowed by this section based on the area's enterprise tier for that year even though the
15 employees are not hired that year. The credit shall be available in the taxable year after at
16 least twenty employees have been hired if the hirings are within the two-year
17 commitment period. The conditions outlined in subsection (a) apply to a credit taken
18 under this subsection except that if the area is redesignated to a higher-numbered
19 enterprise tier after the year the letter of commitment was signed, the credit is allowed
20 based on the area's enterprise tier for the year the letter was signed. If the taxpayer does
21 not hire the employees within the two-year period, the taxpayer does not qualify for the
22 credit. However, if the taxpayer qualifies for a credit under subsection (a) in the year any
23 new employees are hired, the taxpayer may take the credit under that subsection.

24 (e), (f) Repealed by Session Laws 1996, Second Extra Session, c. 13, s. 3.3 for
25 taxable years beginning on or after January 1, 1996. "

26 Section 3. This act is effective for taxable years beginning on or after January
27 1, 1997.