

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

H

D

HOUSE DRH30078-MC_x-51B (02/09)

Short Title: Modify Refundability of EITC.

(Public)

Sponsors: Representatives Howard, Setzer, Brubaker, and Starnes (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE REFUNDABILITY PROVISION OF THE EARNED INCOME
3 TAX CREDIT.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-151.31 reads as rewritten:

6 "**§ 105-151.31. Earned income tax credit.**

7 (a) Credit. – An individual who claims for the taxable year an earned income tax credit
8 under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to
9 five percent (5%) of the amount of credit the individual qualified for under section 32 of the
10 Code. A nonresident or part-year resident who claims the credit allowed by this section must
11 reduce the amount of the credit by multiplying it by the fraction calculated under
12 G.S. 105-134.5(b) or (c), as appropriate.

13 (b) ~~Credit Refundable. – If the credit allowed by this section exceeds the amount of tax~~
14 ~~imposed by this Part for the taxable year reduced by the sum of all credits allowable, the~~
15 ~~Secretary must refund the excess to the taxpayer. The refundable excess is governed by the~~
16 ~~provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this~~
17 ~~Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to~~
18 ~~the credit allowed by this section. In computing the amount of tax against which multiple~~
19 ~~credits are allowed, nonrefundable credits are subtracted before refundable credits.~~Limitations.
20 – The credit allowed under this section may not exceed the amount of tax imposed by this Part
21 for the taxable year reduced by the sum of all credits allowable, except tax payments made by
22 or on behalf of the taxpayer.

23 (c) Sunset. – This section is repealed effective for taxable years beginning on or after
24 January 1, 2013."

25 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,
26 2011.

