

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 464

Short Title: Home Education Tax Credit. (Public)

Sponsors: Representatives Pittman and Kidwell (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Rules, Calendar, and Operations of the House

April 1, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE AN INCOME TAX CREDIT FOR CHILDREN WHO ARE HOME
3 SCHOOLED.

4 The General Assembly of North Carolina enacts:

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

7 "**§ 105-153.11. Home school education credit.**

8 (a) Credit. – A taxpayer is allowed a credit against the tax imposed by this Part for each
9 of the taxpayer's eligible dependent children who is a resident of this State and who, for one or
10 two semesters during the taxable year, is enrolled in a home school that meets the requirements
11 of G.S. 115C-564. As used in this section, the term "eligible dependent child" means a child for
12 whom the taxpayer is entitled to deduct a personal exemption under section 151(c) of the Code
13 for the taxable year.

14 (b) Amount. – The credit is equal to one thousand two hundred fifty dollars (\$1,250) per
15 semester.

16 (c) Semesters. – For the purposes of this section, there are two semesters during each
17 taxable year. The spring semester is the first six months of the taxable year, and the fall semester
18 is the second six months of the taxable year. An eligible dependent child is enrolled in a home
19 school for a semester if the eligible dependent child is enrolled in that home school for more than
20 70 days during that semester.

21 (d) Disqualification. – A taxpayer may not qualify for a credit for any semester during
22 which the taxpayer's eligible dependent child for whom the credit would otherwise be claimed
23 met any of the following conditions:

24 (1) Spent any time enrolled in a public school.

25 (2) Spent any time enrolled as a full-time student taking at least 12 hours of
26 academic credit in a postsecondary educational institution.

27 (3) Was 22 years of age or older during the entire semester.

28 (4) Graduated from high school prior to the end of the semester.

29 (e) Information. – In order to claim the credit allowed by this section, the taxpayer shall
30 provide, when requested, the following to the Secretary:

31 (1) The name, address, social security number, and attendance record, as required
32 by G.S. 115C-564, of each eligible dependent child for whom the credit is
33 claimed.

34 (2) The taxpayer's certification that the eligible dependent child did not meet any
35 of the disqualifying conditions set out in this section.



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1 (3) The name of the local school administrative unit in which the eligible
2 dependent child resides.

3 (4) A copy of the Notice of Intent to Operate a Home School filed with the
4 Division of Nonpublic Education, Department of Administration.

5 (f) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax
6 imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary
7 must refund the excess to the taxpayer. The refundable excess is governed by the provisions
8 governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In
9 computing the amount of tax against which multiple credits are allowed, nonrefundable credits
10 are subtracted before refundable credits.

11 (g) No Other Requirements. – A home school attended by an eligible dependent child of
12 the taxpayer who claims a credit under this section shall not be subject to any requirements other
13 than those required by Part 3 of Article 39 of Chapter 115C of the General Statutes."

14 **SECTION 2.** The Department of Revenue shall report to the Revenue Laws Study
15 Committee and the Joint Legislative Education Oversight Committee on the administration of
16 G.S. 105-153.11, as enacted by Section 1 of this act. The report is due by December 1, 2022, and
17 shall include the following:

18 (1) The number and amount of credits taken under G.S. 105-153.11, itemized by
19 the local school administrative unit in which the eligible dependent children
20 reside.

21 (2) Any concerns relating to the administration of G.S. 105-153.11 or taxpayer
22 compliance with the requirements of that section.

23 (3) Any other matter with respect to G.S. 105-153.11 that the Department wishes
24 to address.

25 **SECTION 3.** Sections 1 and 2 of this act are effective for taxable years beginning
26 on or after January 1, 2021, and apply to semesters for which the credit is claimed beginning on
27 or after July 1, 2021. The remainder of this act is effective when it becomes law.