

GENERAL ASSEMBLY OF NORTH CAROLINA
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PRINCIPAL CLERK

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SENATE BILL DRS15262-MCf-121

Short Title: Reenact Child Tax Credit. (Public)

Sponsors: Senators Chitlik, Bradley, and Everitt (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED
AN ACT TO REENACT THE CHILD TAX CREDIT.

Whereas, North Carolina is a pro-family, pro-child State; and

Whereas, decades of research documents the benefits of a refundable child tax credit, including improved health, educational outcomes, and even higher future earnings potential for children in claiming families; and

Whereas, the cost of childcare is prohibitively expensive for low- and moderate-income families, forcing a choice between working to afford basics or caring for children; and

Whereas, the cost of raising a child is causing many families to opt out of having children altogether; and

Whereas, no family or individual should ever have to sacrifice parenthood because it is too expensive; and

Whereas, the State's birth rate is falling, and it is in the economic interest of the State to incentivize raising children for those who want this option; and

Whereas, the State of North Carolina has over 388,000 children living in poverty; and

Whereas, the expansion of the child tax credit during the COVID-19 pandemic was a significant force in reducing child poverty to a historic low; Now, therefore, The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.10 is reenacted as it existed immediately before its expiration and reads as rewritten:

"§ 105-153.10. Credit for children.

(a) Credit. – ~~A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a credit against the tax imposed by this Part for each dependent child for whom the taxpayer is allowed the federal credit. A taxpayer is allowed a credit against the tax imposed by this Part in the amount of (i) nineteen hundred dollars (\$1,900) for each qualifying child of the taxpayer six years of age or under and (ii) sixteen hundred dollars (\$1,600) for any other qualifying child of the taxpayer. A "qualifying child" is defined by section 152(c) of the Code. The amount of credit allowed under this section for the taxable year phases out proportionally based on the income phase-out applicable to the federal earned income tax credit provided in section 32 of the Code. is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:~~

Filing Status	AGI	Credit Amount
Married, filing jointly	Up to \$40,000	\$125.00
	Over \$40,000	
	Up to \$100,000	\$100.00



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		Over \$100,000	0
	Head of Household	Up to \$32,000	\$125.00
		Over \$32,000	
		Up to \$80,000	\$100.00
		Over \$80,000	0
	Single	Up to \$20,000	\$125.00
		Over \$20,000	
		Up to \$50,000	\$100.00
		Over \$50,000	0
	Married, filing separately	Up to \$20,000	\$125.00
		Over \$20,000	
		Up to \$50,000	\$100.00
		Over \$50,000	0.

(b) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer. G.S. 105-153.4. Married individuals qualifying for a credit under this section who file separate returns may not collectively claim more than the maximum credit allowed under a joint return.

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

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2025.