

February 28, 2007

**H 421. TAX FAIRNESS IN EDUCATION.** Filed 2/28/07. *TO ALLOW AN INDIVIDUAL INCOME TAX CREDIT FOR PART OF THE EXPENSE OF AVOIDED PUBLIC EDUCATION AND TO AUTHORIZE COUNTIES TO APPROPRIATE FUNDS FOR CHILDREN EDUCATED OTHER THAN IN PUBLIC SCHOOLS.*

Enacts new GS 105-151.31 granting a tax credit of up to \$1,250 per child per semester to qualifying taxpayers whose dependent children are educated "other than in a public school" or at a public school for which tuition is charged in accordance with GS 115C-366.1. Provides that for a child educated in a public school at which tuition is charged the tax credit amount may not exceed the amount of tuition the taxpayer paid. Disqualifies a taxpayer for a tax credit for any semester during which the child (1) spent any time enrolled in a public school, other than a public school at which tuition is charged under GS 115C-366.1, (2) spent any time enrolled as a full-time student in a postsecondary educational institution, or (3) was 18 years or older during the entire semester. Sets taxable income eligibility limit at \$100,000 for married taxpayers filing jointly, \$80,000 for head of household filers, \$60,000 for single filers, and \$50,000 for married, filing separately. Provides for refund to taxpayer of any allowed credit that exceeds tax imposed. Effective for taxable years beginning January 1, 2008, and applies to semesters beginning on or after July 1, 2008.

Amends GS 115C-429(b) to permit boards of county commissioners to appropriate up to \$500 per resident child per year for education in nonpublic schools and to pay these funds to the individual entitled to claim the child as a dependent. Amends GS 153A-149(b)(7) regarding authorized purposes for county property taxes to add provision of funds for children educated in nonpublic schools as an authorized purpose. Effective July 1, 2008.

**Intro. by Stam, McComas.**

GS 105, 115C, 153A