

May 28, 2008

S 2059. TAX CREDITS FOR CHILDREN WITH SPECIAL NEEDS. Filed 5/27/08. *TO ALLOW AN INDIVIDUAL INCOME TAX CREDIT FOR PART OF THE EXPENSE OF AVOIDED PUBLIC EDUCATION FOR CHILDREN WITH SPECIAL NEEDS WHO REQUIRE SPECIAL EDUCATION AND RELATED SERVICES OUTSIDE THE REGULAR CLASSROOM AND TO AUTHORIZE COUNTIES TO APPROPRIATE FUNDS FOR THESE CHILDREN EDUCATED OTHER THAN IN PUBLIC SCHOOLS.*

Enacts GS 105-151.31 to create a tax credit as title indicates. Effective for taxable years beginning on or after January 1, 2008, for semesters beginning on or after July 1, 2008, a tax payer is entitled to a credit equal to the amount the taxpayer paid for tuition and other educational and therapeutic expenses, not to exceed \$3,000 per semester, for each eligible dependent child. A tax payer may not receive a credit for expenses incurred by children 22 years old or older, or for children who spent any time enrolled as a full-time student in a postsecondary educational institution during the semester. A tax payer is entitled to a refund if the credit allowed by this section exceeds the amount of tax imposed for the tax period reduced by the sum of all tax credits. The Department of Revenue is directed to report to the Revenue Laws Study Committee on the administration of the new tax credit by January 1, 2008. Also amends GS 115C-429(b), effective July 1, 2008, to allow boards of county commissions to appropriate funds for the educational expenses of resident children under the age of 22 with special needs who require special education and are educated in nonpublic schools. If the county chooses to appropriate funds, the county shall issue the funds to the individual who would be entitled to the tax credit created in first part of act, with amount not to exceed \$500 per year per child. Makes a conforming change GS 153A-149(b)(7).

Intro. by Graham.

GS 105, 115C, 153A