

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

H.B. 853  
Apr 25, 2023  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30309-NIF-149

Short Title: Work Opportunity Tax Credit. (Public)

Sponsors: Representative Cunningham.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT THE WORK OPPORTUNITY TAX CREDIT.  
3 The General Assembly of North Carolina enacts:

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

6 "**§ 105-130.49. Work Opportunity credit.**

7 (a) Definitions. – The following definitions apply in this section:

8 (1) Eligible vocational rehabilitation referral. – A vocational rehabilitation  
9 referral who (i) was unemployed prior to being hired by the taxpayer applying  
10 for the credit provided by this section and (ii) is employed by the taxpayer for  
11 at least 20 hours per week at an hourly wage above minimum wage for at least  
12 12 consecutive weeks during the calendar year.

13 (2) Vocational rehabilitation referral. – Defined in section 51 of the Code.

14 (b) Credit. – A taxpayer that employs an eligible vocational rehabilitation referral is  
15 allowed a credit against the taxes imposed by this Part equal to the amount allowed under section  
16 51 of the Code.

17 (c) Limitations. – The credit allowed under this section may not exceed the amount of  
18 tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except  
19 payments of tax made by or on behalf of a taxpayer.

20 (d) Substantiation. – To claim a credit allowed by this section, the taxpayer must provide  
21 any information required by the Secretary of Revenue, including the information required to be  
22 included in the report required by subsection (e) of this section. Every taxpayer claiming a credit  
23 under this section must maintain and make available for inspection by the Secretary of Revenue  
24 any records the Secretary considers necessary to determine and verify the amount of the credit to  
25 which the taxpayer is entitled. The burden of proving eligibility for a credit and the amount of  
26 the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that (i) fails to  
27 maintain adequate records or to make them available for inspection or (ii) terminates an employee  
28 or otherwise reduces its workforce for the purpose of creating a new hire eligible for the credit  
29 provided by this section.

30 (e) Reports. – The Department must include in the economic incentives report required  
31 by G.S. 105-256 the following information itemized by credit and by taxpayer:

32 (1) The number of taxpayers that took the credits allowed in this section.

33 (2) The amount of each credit claimed.

34 (3) The total cost to the General Fund of the credits claimed."

35 **SECTION 2.** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General  
36 Statutes is amended by adding a new section to read:



1 **"§ 105-153.11. Work Opportunity credit.**

2 (a) Definitions. – The following definitions apply in this section:

3 (1) Eligible vocational rehabilitation referral. – A vocational rehabilitation  
4 referral who (i) was unemployed prior to being hired by the taxpayer applying  
5 for the credit provided by this section and (ii) is employed by the taxpayer for  
6 at least 20 hours per week at an hourly wage above minimum wage for at least  
7 12 consecutive weeks during the calendar year.

8 (2) Vocational rehabilitation referral. – Defined in section 51 of the Code.

9 (b) Credit. – A taxpayer that employs an eligible vocational rehabilitation referral is  
10 allowed a credit against the taxes imposed by this Part equal to the amount allowed under section  
11 51 of the Code.

12 (c) Limitations. – The credit allowed under this section may not exceed the amount of  
13 tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except  
14 payments of tax made by or on behalf of a taxpayer.

15 (d) Substantiation. – To claim a credit allowed by this section, the taxpayer must provide  
16 any information required by the Secretary of Revenue, including the information required to be  
17 included in the report required by subsection (e) of this section. Every taxpayer claiming a credit  
18 under this section must maintain and make available for inspection by the Secretary of Revenue  
19 any records the Secretary considers necessary to determine and verify the amount of the credit to  
20 which the taxpayer is entitled. The burden of proving eligibility for a credit and the amount of  
21 the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that (i) fails to  
22 maintain adequate records or to make them available for inspection or (ii) terminates an employee  
23 or otherwise reduces its workforce for the purpose of creating a new hire eligible for the credit  
24 provided by this section.

25 (e) Reports. – The Department must include in the economic incentives report required  
26 by G.S. 105-256 the following information itemized by credit and by taxpayer:

27 (1) The number of taxpayers that took the credits allowed in this section.

28 (2) The amount of each credit claimed.

29 (3) The total cost to the General Fund of the credits claimed."

30 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,

31 2023.