

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 181
Feb 24, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30047-MCf-42

Short Title: Tax Relief for Working Families Act.

(Public)

Sponsors: Representative Longest.

Referred to:

A BILL TO BE ENTITLED
AN ACT TO PROVIDE TAX RELIEF FOR WORKING FAMILIES BY REENACTING THE
EARNED INCOME TAX CREDIT.

Whereas, North Carolina families face unprecedented challenges resulting from rising costs; and

Whereas, studies have shown that the earned income tax credit results in working families having additional funds for health and educational expenses; and

Whereas, the earned income tax credit can help provide greater financial security and self-sufficiency to working families with children; and

Whereas, the earned income tax credit would help working families across the State during a time of rising costs for housing, child care, and basic essentials of life, including putting food on the table; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-151.31 is reenacted as it existed immediately before its expiration, is recodified as G.S. 105-153.12, and reads as rewritten:

"§ 105-153.12. **Earned income tax credit.**

(a) Credit. – An individual who claims for the taxable year an earned income tax credit under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to a ~~percentage~~ twenty percent (20%) of the amount of credit the individual qualified for under section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section must reduce the amount of the credit by multiplying it by the fraction calculated under ~~G.S. 105-134.5(b) or (c), G.S. 105-153.4(b) or (c), as appropriate. The percentage is as follows:~~

(1) ~~For taxable year 2013, four and one-half percent (4.5%).~~

(2) ~~For all other taxable years, five percent (5%).~~

(b) 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. ~~Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section.~~ In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(c) ~~Sunset. This section is repealed effective for taxable years beginning on or after January 1, 2014.~~

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

