

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 514 (First Edition) Child Health Insurance Incentive

SHORT TITLE: Child Health Insurance Incentive

SPONSOR(S): Senator John Kerr, et al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	(\$Millions)				
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES					
GENERAL FUND	64.5	65.3			
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Revenue General Assembly – Legislative Research Commission				
EFFECTIVE DATE:	The act is effective when it becomes law.				

BILL SUMMARY: The act requires the Legislative Research Commission to study the issue of how to effectively and efficiently promote health insurance coverage for uninsured children. The bill also delays the Child Health Insurance Tax Credit from tax year 1999 to tax year 2001.

ASSUMPTIONS AND METHODOLOGY:

Study

The study required of the Legislative Research Commission (LRC) will have no General Fund impact. The LRC has a recommended budget of \$450,000 for FY 1999-00 and \$96,300 for FY 2000-01. These are the same amounts that were appropriated in the 1997-99 biennium. The expense of the study required in SB 514 will be deducted from the Commission budget before funds are allocated to other studies.

Child Health Insurance Credit

Senate Bill 2, in the 1998 Extra Session, created a refundable state income tax credit for taxpayers who pay health insurance premiums for their dependent children. For a taxpayer with an adjusted gross income under 225% of the federal poverty level, the credit is equal to the amount of the health insurance premium the taxpayer paid, up to \$300. (Federal poverty level is \$16,450 for family of four; 225% equals \$37,012). For a taxpayer with an adjusted gross

income exceeding 225% of the federal poverty level, the credit is equal to the amount of the health insurance premium the taxpayer paid, up to \$100. The first year cost of the credit is estimated to be \$64.5 million. An estimated 119,968 families will apply for the \$300 credit and 285,294 families will apply for the \$100 credit on their 1999 tax return. Senate Bill 514 will delay the implementation of this tax credit until tax year 2001. Since the revenue loss from this tax credit was factored into General Fund availability for 1999-00 and 2000-01, delaying the credit will increase non-recurring General Fund availability for these two budget years.

FISCAL RESEARCH DIVISION 733-4910

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DATE: Wednesday, April 14, 1999



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