

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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SENATE DRS35417-LC-207 (2/24)

Short Title: Small Business Health Insurance Credit.

(Public)

Sponsors: Senator Rand.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A TAX CREDIT FOR SMALL BUSINESSES THAT
PROVIDE EMPLOYEE HEALTH INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 3B of Chapter 105 of the General Statutes is amended
by adding a new section to read:

"§ 105-129.16D. Credit for small business employee health benefits.

(a) Credit. – A small business that provides health benefits for all of its eligible employees during the taxable year is allowed a credit to offset its costs in providing health benefits for its eligible employees. For the purposes of this subsection, a taxpayer provides health benefits if it pays at least fifty percent (50%) of the premiums for health care coverage that equals or exceeds the minimum provisions of the basic health care plan of coverage recommended by the Small Employer Carrier Committee pursuant to G.S. 58-50-125.

The credit is equal to a dollar amount per eligible employee, not to exceed the taxpayer's costs of providing health benefits for its eligible employees during the taxable year. For each eligible employee for whom the taxpayer provides health benefits covering the employee only, the amount is seven hundred dollars (\$700.00). For each eligible employee for whom the taxpayer provides health benefits covering the employee and at least one member of the employee's family, the amount is one thousand three hundred dollars (\$1,300).

(b) Allocation. – If the taxpayer is an individual who is a nonresident or a part-year resident, the taxpayer must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. If the taxpayer is not an individual and is required to apportion its multistate business income to this State, the taxpayer must reduce the amount of the credit by multiplying it by the apportionment fraction used to apportion its business income to this State.

1 (c) Definitions. – The following definitions apply in this section:

2 (1) Eligible employee. – Defined in G.S. 58-50-110.

3 (2) Small business. – A taxpayer that employs no more than 15 employees
4 throughout the taxable year."

5 **SECTION 2.** This act becomes effective for taxable years beginning on or
6 after January 1, 2005.