

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1714

Short Title: Eliminate Marriage Penalty.

(Public)

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Sponsors: Representatives Decker; Aldridge, Allred, Cansler, Capps, Davis, Hardy, Justus, Russell, Sherrill, Shubert, Warner, and Watson.

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Referred to: Finance.

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June 1, 1998

1 A BILL TO BE ENTITLED  
2 AN ACT TO REDUCE INCOME TAXES FOR MARRIED COUPLES.

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 105-134.6(c) reads as rewritten:  
5 "(c) Additions. – The following additions to taxable income shall be made in  
6 calculating North Carolina taxable income, to the extent each item is not included in  
7 taxable income:

8 (1) Interest upon the obligations of states other than this State, political  
9 subdivisions of those states, and agencies of those states and their  
10 political subdivisions.

11 (2) Any amount allowed as a deduction from gross income under the Code  
12 that is taxed under the Code by a separate tax other than the tax imposed  
13 in section 1 of the Code.

14 (3) Any amount deducted from gross income under section 164 of the Code  
15 as state, local, or foreign income tax to the extent that the taxpayer's  
16 total itemized deductions deducted under the Code for the taxable year  
17 exceed the standard deduction allowable to the taxpayer under the Code  
18 reduced by the amount by which the taxpayer's allowable standard  
19 deduction has been increased under section 63(c)(4) of the Code. the

taxpayer is required to add to taxable income under subdivision (4) of this subsection.

(4) ~~The~~ In the case of married individuals who file a joint return, the amount by which the taxpayer's standard deduction under the Code exceeds six thousand dollars (\$6,000). In the case of a married individual filing a separate return, the amount by which the taxpayer's standard deduction under the Code exceeds three thousand dollars (\$3,000). In the case of all other taxpayers, the amount by which the taxpayer's standard deduction has been increased for inflation under section 63(c)(4)(A) of the Code.

(4a) The amount by which each of the taxpayer's personal exemptions has been increased for inflation under section 151(d)(4)(A) of the Code. This amount is reduced by five hundred dollars (\$500.00) for each personal exemption if the taxpayer's adjusted gross income (AGI), as calculated under the Code, is less than the following amounts:

<u>Filing Status</u>	<u>AGI</u>
Married, filing jointly	\$100,000
Head of Household	80,000
Single	60,000
Married, filing separately	50,000.

For the purposes of this subdivision, if the taxpayer's personal exemptions have been reduced by the applicable percentage under section 151(d)(3) of the Code, the amount by which the personal exemptions have been increased for inflation is also reduced by the applicable percentage.

(5) The fair market value, up to a maximum of four hundred thousand dollars (\$400,000), of the donated property interest for which the taxpayer claims a credit for the taxable year under G.S. 105-151.12 and the market price of the gleaned crop for which the taxpayer claims a credit for the taxable year under G.S. 105-151.14.

(6) The amount by which the basis of property under the Code exceeds the basis of the property under this Article, in the year the taxpayer disposes of the property.

(7) The amount of federal estate tax that is attributable to an item of income in respect of a decedent and is deducted from gross income under section 691(c) of the Code."

Section 2. G.S. 105-134.2(a) reads as rewritten:

"(a) A tax is imposed upon the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually and shall be computed at the following percentages of the taxpayer's North Carolina taxable income.

(1) For married individuals who file a joint return under G.S. 105-152 and for surviving spouses, as defined in section 2(a) of the Code:

1 On the North Carolina taxable income up to ~~twenty-one thousand two~~  
2 ~~hundred fifty dollars (\$21,250),~~ twenty-five thousand five hundred dollars  
3 (\$25,500), six percent (6%).

4 On the amount over ~~twenty-one thousand two hundred fifty dollars~~  
5 ~~(\$21,250)~~ twenty-five thousand five hundred dollars (\$25,500) and up to  
6 one hundred thousand dollars (\$100,000), twenty thousand dollars  
7 (\$120,000), seven percent (7%).

8 On the amount over one hundred thousand dollars (\$100,000), twenty  
9 thousand dollars (\$120,000), seven and seventy-five one-hundredths  
10 percent (7.75%).

11 (2) For heads of households, as defined in section 2(b) of the Code:

12 On the North Carolina taxable income up to seventeen thousand dollars  
13 (\$17,000), six percent (6%).

14 On the amount over seventeen thousand dollars (\$17,000) and up to  
15 eighty thousand dollars (\$80,000), seven percent (7%).

16 On the amount over eighty thousand dollars (\$80,000), seven and  
17 seventy-five one-hundredths percent (7.75%).

18 (3) For unmarried individuals other than surviving spouses and heads of  
19 ~~households:~~ households, and for married individuals who do not file a  
20 joint return:

21 On the North Carolina taxable income up to twelve thousand seven  
22 hundred fifty dollars (\$12,750), six percent (6%).

23 On the amount over twelve thousand seven hundred fifty dollars  
24 (\$12,750) and up to sixty thousand dollars (\$60,000), seven percent  
25 (7%).

26 On the amount over sixty thousand dollars (\$60,000), seven and  
27 seventy-five one-hundredths percent (7.75%).

28 (4) ~~For married individuals who do not file a joint return under G.S. 105-~~  
29 ~~152:~~

30 ~~On the North Carolina taxable income up to ten thousand six hundred~~  
31 ~~twenty five dollars (\$10,625), six percent (6%).~~

32 ~~On the amount over ten thousand six hundred twenty five dollars~~  
33 ~~(\$10,625) and up to fifty thousand dollars (\$50,000), seven percent~~  
34 ~~(7%).~~

35 ~~On the amount over fifty thousand dollars (\$50,000), seven and seventy-~~  
36 ~~five one hundredths percent (7.75%)."~~

37 Section 3. This act is effective for taxable years beginning on or after January  
38 1, 1998.