



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Reinstated Earned Income Tax Credit.
Bill Number: House Bill 238 (First Edition)
Sponsor(s): Rep. Harris, Rep. Alexander, Rep. Jackson, and Rep. K. Smith

SUMMARY TABLE

	FISCAL IMPACT OF H.B. 238, V.1 (\$ in millions)				
	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	(115.0)	(117.0)	(119.0)	(121.0)	-
Less Expenditures	-	-	-	-	-
General Fund Impact	(115.0)	(117.0)	(119.0)	(121.0)	-
NET STATE IMPACT	(\$115.0)	(\$117.0)	(\$119.0)	(\$121.0)	-

FISCAL IMPACT SUMMARY

Reduced revenue collections would result from reenactment of a refundable earned income tax credit equal to 5% of the federal credit.

FISCAL ANALYSIS

The estimated fiscal impact is derived from NC and federal tax return statistics, and the Fiscal Research Microsimulation Tax Model. The analysis included reviewing NC tax return data showing the amount of credits claimed under the former NC credit, and federal tax return data showing credits claimed by NC filers. The credit is available beginning with the 2019 tax year. There is no fiscal impact recognized in FY 23-24 because the credit is repealed by the legislation effective for taxable years beginning on or after January 1, 2023.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

NC Department of Revenue, Fiscal Research Microsimulation Tax Model

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this

analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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Signed copy located in the NCGA Principal Clerk's Offices