

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2023**

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**HOUSE BILL 1055**

Short Title: Working Families and Small Businesses Act. (Public)

Sponsors: Representatives Staton-Williams, Prather, Ball, and Everitt (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: Appropriations, if favorable, Finance, if favorable, Pensions and Retirement, if favorable, Rules, Calendar, and Operations of the House

May 7, 2024

1 A BILL TO BE ENTITLED  
2 AN ACT APPROPRIATING FUNDS TO RAISE SALARIES FOR TEACHERS AND STATE  
3 EMPLOYEES, REDUCING PARENT COPAYMENTS FOR SUBSIDIZED CHILD  
4 CARE, AND PROVIDING A SMALL BUSINESS TAX CREDIT.

5 The General Assembly of North Carolina enacts:

6  
7 **PART I. RAISE TEACHER SALARIES**

8 **SECTION 1.1.(a)** The following monthly teacher salary schedule shall apply for the  
9 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers.  
10 The salary schedule is based on years of teaching experience:

11 **2024-25 Teacher Monthly Salary Schedule**

12 <b>Years of Experience</b>	<b>"A" Teachers</b>
13 0	4,600
14 1	4,660
15 2	4,720
16 3	4,780
17 4	4,840
18 5	4,900
19 6	4,960
20 7	5,020
21 8	5,080
22 9	5,140
23 10	5,200
24 11	5,260
25 12	5,320
26 13	5,380
27 14	5,440
28 15-17	5,500
29 18-20	5,575
30 21-23	5,650
31 24-26	5,725
32 27-29	5,800
33 30+	5,875



**SECTION 1.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement of one hundred dollars (\$100.00) per month.

**SECTION 1.1.(c)** For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
  - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
  - b. Three hundred fifty dollars (\$350.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

**SECTION 1.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

**SECTION 1.1.(e)** A teacher compensated in accordance with this salary schedule for the 2024-2025 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
  - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
  - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

- 1 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
2 year, the sum of the salary and annual bonus the teacher received in the  
3 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

4 **SECTION 1.1.(f)** As used in this section, the term "teacher" shall also include  
5 instructional support personnel.

6 **SECTION 1.1.(g)** There is appropriated from the General Fund to the Department  
7 of Public Instruction for the 2024-2025 fiscal year the sum of three hundred twenty-two million  
8 seven hundred nine thousand dollars (\$322,709,000) in recurring funds to implement the teacher  
9 raises provided in this section.

## 10 11 **PART II. CHILD CARE SUBSIDIES**

12 **SECTION 2.1.(a)** Section 9D.3(b) of S.L. 2023-134 reads as rewritten:

13 "**SECTION 9D.3.(b)** Fees for families who are required to share in the cost of care are  
14 established based on ~~ten percent (10%)~~ seven percent (7%) of gross family income. When care  
15 is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time  
16 copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time  
17 copayment."

18 **SECTION 2.1.(b)** This section becomes effective July 1, 2024.

## 19 20 **PART III. RAISE STATE EMPLOYEE SALARIES**

### 21 22 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING** 23 **ADJUSTMENT/LEGISLATIVE SALARY INCREASES**

24 **SECTION 3.1.(a)** Effective July 1, 2024, except as provided by subsection (c) of  
25 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
26 Resources Act or as otherwise authorized in this act, and (ii) who is employed in a State-funded  
27 position on June 30, 2024, is awarded a cost-of-living adjustment as follows:

- 28 (1) Five percent (5%) effective July 1, 2024.  
29 (2) As otherwise allowed or provided by law.

30 **SECTION 3.1.(b)** The following persons are not eligible to receive the legislative  
31 salary increases provided by subsection (a) of this section:

- 32 (1) Employees of local boards of education.  
33 (2) Local community college employees.  
34 (3) Employees of The University of North Carolina.  
35 (4) Clerks of superior court compensated under G.S. 7A-101.  
36 (5) Officers and employees to which Section 3.7 or Section 3.8 of this Part apply.  
37 (6) Employees of the State Bureau of Investigation and Alcohol Law  
38 Enforcement compensated under this Part.  
39 (7) Employees of the State Highway Patrol compensated under this Part.  
40 (8) Employees of schools operated by the Department of Health and Human  
41 Services, the Department of Public Safety, the Department of Adult  
42 Correction, and the State Board of Education who are paid based on the  
43 Teacher Salary Schedule.

44 **SECTION 3.1.(c)** Permanent part-time employees shall receive the increase  
45 authorized by this section on a prorated and equitable basis.

46 **SECTION 3.1.(d)** No eligible State-funded employee shall be prohibited from  
47 receiving the full salary increase provided in this section solely because the employee's salary  
48 after applying the legislative increase is above the maximum of the salary range prescribed by  
49 the State Human Resources Commission.

## 50 51 **RECEIPT-SUPPORTED COST-OF-LIVING ADJUSTMENT RESERVE**

1           **SECTION 3.2.** State agencies are authorized to use the funding allotted to them from  
2 the Receipt-Supported Cost-of-Living Adjustment Reserve to fundshift a limited number of  
3 receipt-supported positions in the General Fund to net appropriation funding.  
4

#### 5 **RETENTION PAY FOR STATE EMPLOYEES**

6           **SECTION 3.3.(a)** All references to "longevity" pay in Chapter 126 of the General  
7 Statutes shall be replaced with "retention" pay.

8           **SECTION 3.3.(b)** The amount of retention pay provided to employees who are  
9 full-time or over half-time and have a permanent, time-limited or probationary appointment and  
10 who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay  
11 period shall be increased to the following amounts:

12           Years of Total Service	Retention Pay Percentage
13           2 but less than 5 years	1.0%
14           5 but less than 10 years	1.5%
15           10 but less than 15 years	2.0%
16           15 but less than 20 years	2.5%
17           20 but less than 25 years	3.5%
18           25 or more years	4.5%

#### 19 **RETENTION BONUS AWARDED FOR FISCAL YEAR**

20           **SECTION 3.4.(a)** Any person (i) whose salary is set by Section 1 of this act or this  
21 Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act  
22 and (ii) who is continuously employed by the State or a public school unit from November 1,  
23 2023, to March 31, 2024, shall be awarded an additional retention bonus for the 2023-2024 fiscal  
24 year in the amount of five hundred dollars (\$500.00), payable during the month of May 2024.  
25

26           **SECTION 3.4.(b)** Employers of State employees and local education employees  
27 shall provide an additional retention bonus of two hundred fifty dollars (\$250.00), payable  
28 during the month of May 2024, to all permanent full-time State employees and local education  
29 employees who are employed by the State or a public school unit from November 1, 2023, to  
30 March 31, 2024, and who earn an annual salary that does not exceed seventy-five thousand  
31 dollars (\$75,000).

32           **SECTION 3.4.(c)** The funds appropriated for retention bonuses in excess of the  
33 amounts required to implement these bonuses shall revert and not be credited to the Pay Plan  
34 Reserve.

35           **SECTION 3.4.(d)** Notwithstanding G.S. 135-1(7a), the compensation bonuses  
36 awarded by this section are not compensation under Article 1 of Chapter 135 of the General  
37 Statutes, the Teachers' and State Employees' Retirement System.

38           **SECTION 3.4.(e)** The compensation bonuses awarded by this section are not part of  
39 annual salary and shall be paid out separately. The compensation bonus shall be awarded to  
40 eligible permanent employees without regard to an employee's placement within the salary range,  
41 including employees at the top of the salary range. The compensation bonus shall be adjusted pro  
42 rata for permanent part-time employees.  
43

#### 44 **COMMUNITY COLLEGES**

45           **SECTION 3.5.** Effective July 1, 2024, the State Board of Community Colleges shall  
46 provide community college faculty and non-faculty personnel with an increase as provided by  
47 this act.  
48

#### 49 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

50           **SECTION 3.6.(a)** Effective for the 2024-2025 fiscal year, the annual salaries of The  
51 University of North Carolina SHRA employees shall be increased as provided by this act.



**SECTION 3.8.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
0	56,151
1	59,802
2	63,689
3	67,829
4	72,238
5	76,934
6+	81,935

**STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE**

**SECTION 3.9.(a)** Law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

**SECTION 3.9.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
0	57,750
1	61,504
2	65,501
3	69,759
4	74,293
5	79,122
6+	84,265

**PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE**

**SECTION 3.10.(a)** Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

**SECTION 3.10.(a1)** State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

**SECTION 3.10.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
0	46,785
1	49,825
2	53,066
3	56,514
4	60,188
5	64,100
6+	68,266

**SECTION 3.10.(c)** If an employee will not receive a salary increase because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual

1 salary increase equal to the amount of the across-the-board legislative salary increase authorized  
2 in this Part.

#### 3 4 **STATE AGENCY TEACHERS**

5 **SECTION 3.11.(a)** Employees of schools operated by the Department of Health and  
6 Human Services, the Department of Public Safety, the Department of Adult Correction, and the  
7 State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized  
8 in this act.

9 **SECTION 3.11.(b)** Employees of the School of Science and Mathematics of The  
10 University of North Carolina who are paid pursuant to a salary schedule adopted by the North  
11 Carolina School of Science and Mathematics Board of Trustees shall be paid in accordance with  
12 the schedule adopted by the Board.

#### 13 14 **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF** 15 **COST-OF-LIVING ADJUSTMENTS**

16 **SECTION 3.12.(a)** The cost-of-living adjustments authorized by this act for the  
17 2024-2025 fiscal year shall be paid effective July 1, 2024, and do not apply to persons separated  
18 from service due to resignation, dismissal, reduction in force, death, or retirement or whose last  
19 workday is prior to June 30, 2024.

20 **SECTION 3.12.(b)** The Director of the Budget is granted flexibility to administer  
21 the compensation increases enacted by this act.

22 **SECTION 3.12.(c)** The State employer contribution rates enacted by this act for  
23 retirement and related benefits may be deemed by the Director of the Budget for administrative  
24 purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the  
25 collection and reconciliation of salary-related contributions as required by law, provided the  
26 estimated amount contributed to any affected employee benefit trust equals the amount that  
27 would have been contributed to the employee benefit trust if the enacted employer contribution  
28 rates had been effective on July 1 of the applicable fiscal year.

29 **SECTION 3.12.(d)** This section applies to all employees paid from State funds,  
30 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
31 employees of public schools, community colleges, and The University of North Carolina.

#### 32 33 **MOST STATE EMPLOYEES**

34 **SECTION 3.13.** Unless otherwise expressly provided by this Part, the annual salaries  
35 in effect for the following persons on June 30, 2024, shall be legislatively increased as provided  
36 by Section 2.1 of this act:

- 37 (1) Permanent, full-time State officials and persons whose salaries are set in  
38 accordance with the State Human Resources Act.
- 39 (2) Permanent, full-time State officials and persons in positions exempt from the  
40 State Human Resources Act.
- 41 (3) Permanent, part-time State employees.
- 42 (4) Temporary and permanent hourly State employees.

#### 43 44 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT** 45 **INCREASES**

46 **SECTION 3.14.(a)** The Office of State Budget and Management shall ensure that  
47 the appropriations made in this act for cost-of-living adjustments and employee benefits are used  
48 only for these purposes.

49 **SECTION 3.14.(b)** If the Director of the Budget determines that funds appropriated  
50 to a State agency for mandated salary increases and employee benefits exceed the amount

1 required by that agency for those purposes, the Director may reallocate those funds to other State  
 2 agencies that received insufficient funds for required cost-of-living and benefit increases.

3 **SECTION 3.14.(c)** Funds appropriated for cost-of-living adjustments and employee  
 4 benefit increases may not be used to adjust the budgeted salaries of vacant positions or to provide  
 5 salary increases in excess of those required by the General Assembly except to increase the  
 6 budgeted salary of any position to the minimum of the position's salary range and to meet  
 7 retention pay needs.

8 **SECTION 3.14.(d)** Any funds appropriated for cost-of-living adjustment and  
 9 employee benefit increases in excess of the amounts required to implement the increases pursuant  
 10 to subsection (c) of this section shall be credited to the Pay Plan Reserve.

11 **SECTION 3.14.(e)** By October 1, 2024, the Office of State Budget and Management  
 12 shall report to the Joint Legislative Commission on Governmental Operations on the expenditure  
 13 of funds for legislatively mandated salary increases and employee benefits. This report shall  
 14 include at least the following information for each State agency:

- 15 (1) The total amount of funds that the agency received for legislatively mandated  
 16 salary increases and employee benefits.
- 17 (2) The total amount of funds transferred from the agency to other State agencies  
 18 pursuant to subsection (b) of this section. This section of the report shall  
 19 identify the amounts transferred to each recipient State agency.
- 20 (3) The total amount of funds used by the agency for legislatively mandated salary  
 21 increases and employee benefits.
- 22 (4) The amount of funds used pursuant to subsection (c) of this section.

23 **SECTION 3.14.(f)** If the compensation provisions of this Part and S.L. 2023-134 are  
 24 in conflict, the provisions of this act shall control to resolve the conflict.

25  
 26 **SALARY-RELATED CONTRIBUTIONS ADJUSTMENTS**

27 **SECTION 3.15.** Section 39.26(c) of S.L. 2023-134 reads as rewritten:

28 "SECTION 39.26.(c) Effective July 1, 2024, the State's employer contribution rates  
 29 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025  
 30 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 31 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 32 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 33 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
37 Retirement	<u>16.79%</u> <u>17.92%</u>	<u>16.79%</u> <u>17.92%</u>	6.84%	<u>37.00%</u> <u>39.32%</u>	<u>22.00%</u> <u>23.97%</u>
38 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
39 Death	0.13%	0.13%	0.00%	0.00%	0.00%
40 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
41 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

42  
 43 **Total Contribution**

44 **Rate** 24.04%25.17%29.04%30.17% 13.96% 43.99%46.31% 28.99%30.96%

45 The rate for teachers and State employees and State law enforcement officers includes one  
 46 one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."  
 47

48 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'**  
 49 **AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED**  
 50 **JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT**  
 51 **SYSTEM**



1           **SECTION 3.16.(a)** G.S. 135-5 is amended by addition the following new  
2 subsections to read:

3           "(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of,  
4 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent  
5 (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section.  
6 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose  
7 retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated  
8 amount of two percent (2%), as determined by the Board of Trustees based upon the number of  
9 months that a retirement allowance was paid between July 1, 2023, and June 30, 2024.

10           (bbbb) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living  
11 supplement payment shall be made to, or on account of, beneficiaries who are living as of  
12 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The  
13 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as  
14 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the  
15 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
16 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
17 supplemental payments."

18           **SECTION 3.16.(b)** G.S. 135-65 is amended by adding the following new  
19 subsections to read:

20           "(ll) Effective July 4, 2024, the retirement allowance payable to, or on account of,  
21 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent  
22 (2%) of the allowance payable on June 1, 2023. Effective July 4, 2024, the retirement allowance  
23 payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but  
24 before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by  
25 the Board of Trustees based upon the number of months that a retirement allowance was paid  
26 between July 1, 2023, and June 30, 2024.

27           (mm) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living  
28 supplement payment shall be made to, or on account of, beneficiaries who are living as of  
29 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The  
30 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as  
31 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the  
32 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
33 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
34 supplemental payments."

35           **SECTION 3.16.(c)** G.S. 120-4.22A is amended by adding the following new  
36 subsections to read:

37           "(ff) In accordance with subsection (a) of this section, effective July 4, 2024, the retirement  
38 allowance payable to, or on account of, beneficiaries whose retirement commenced on or before  
39 January 1, 2024, is increased by two percent (2%) of the allowance payable on June 1, 2024.  
40 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose  
41 retirement commenced after January 1, 2024, but before June 30, 2024, is increased by a prorated  
42 amount of two percent (2%), as determined by the Board of Trustees based upon the number of  
43 months that a retirement allowance was paid between January 1, 2024, and June 30, 2024.

44           (gg) In accordance with subsection (a) of this section, after September 1, 2024, but on or  
45 before October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on  
46 account of, beneficiaries who are living as of September 1, 2024, and whose retirement  
47 commenced on or before September 1, 2024. The payment shall be one percent (1%) of the  
48 beneficiary's annual retirement allowance payable as of September 1, 2024, and shall not be  
49 prorated for date of retirement commencement. If the beneficiary dies before the payment is  
50 made, then the payment shall be payable to the member's legal representative. No beneficiary  
51 shall be deemed to have acquired a vested right to any future supplemental payments."

1  
2 **APPROPRIATION FOR PAY RAISES AND COST-OF-LIVING INCREASES FOR**  
3 **RETIREES**

4 **SECTION 3.17.** Effective July 1, 2024, to fund the pay increases and cost-of-living  
5 adjustments awarded in this Part:

- 6 (1) There is appropriated from the General Fund to the Reserve for Compensation  
7 Increases the sum of two hundred ten million nine thousand dollars  
8 (\$210,009,000) in recurring funds for the 2024-2025 fiscal year.  
9 (2) There is appropriated from the General Fund to the Reserve for Compensation  
10 Increases the sum of three hundred ninety-nine million six hundred eighty-five  
11 thousand dollars (\$399,685,000) in nonrecurring funds for the 2024-2025  
12 fiscal year.  
13

14 **PART IV. SMALL BUSINESS TAX CREDIT**

15 **SECTION 4.1.(a)** Article 4A of Subchapter I of Chapter 105 of the General Statutes  
16 is amended by adding a new section to read:

17 **"§ 105-163.6B. Credit to employers for wages paid.**

18 (a) Credit. – A qualifying taxpayer is allowed a credit against the tax imposed by Part 1  
19 or Part 1A of Article 4 of this Chapter, as appropriate, equal to the lesser of (i) ten thousand  
20 dollars (\$10,000) or (ii) five percent (5%) of the wages paid by the qualifying taxpayer during  
21 the taxable year.

22 (b) Credit Refundable. – If the credit allowed by this section exceeds the tax imposed on  
23 the qualifying taxpayer for the taxable year reduced by the sum of all credits allowable, the  
24 Secretary must refund the excess to the qualifying taxpayer. The refundable excess is governed  
25 by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed by  
26 Article 4 of this Chapter. In computing the amount of tax against which multiple credits are  
27 allowed, nonrefundable credits are subtracted before refundable credits.

28 (c) Substantiation. – To claim a credit allowed by this section, the qualifying taxpayer  
29 must provide any information required by the Secretary. Each qualifying taxpayer claiming a  
30 credit under this section must maintain and make available for inspection by the Secretary any  
31 records the Secretary considers necessary to determine and verify the amount of the credit to  
32 which the qualifying taxpayer is entitled. The burden of proving eligibility for a credit and the  
33 amount of the credit rests upon the qualifying taxpayer, and no credit may be allowed to a  
34 qualifying taxpayer that fails to maintain adequate records or to make them available for  
35 inspection.

36 (d) Sunset. – This section is repealed effective for taxable years beginning on or after  
37 January 1, 2027."

38 **SECTION 4.1.(b)** G.S. 105-163.1 is amended by adding a new subdivision to read:

39 "(11c) Qualifying taxpayer. – An employer or payer subject to income tax under  
40 Article 4 of Chapter 105 of the General Statutes that has annual receipts for  
41 the most recent previous tax year of eight million dollars (\$8,000,000) or less."

42 **SECTION 4.1.(c)** This section is effective for taxable years beginning on or after  
43 January 1, 2025.  
44

45 **PART V. EFFECTIVE DATE**

46 **SECTION 5.** Except as otherwise provided, this act is effective when it becomes  
47 law.