

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 853

Short Title: Work Opportunity Tax Credit. (Public)

Sponsors: Representatives Cunningham, Hawkins, and Crawford (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 26, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE WORK OPPORTUNITY TAX CREDIT.
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Part 1 of Article 4 of Subchapter I of Chapter 105 of the General
5 Statutes is amended by adding a new section to read:

6 "**§ 105-130.49. Work Opportunity credit.**

7 (a) Definitions. – The following definitions apply in this section:

8 (1) Eligible vocational rehabilitation referral. – A vocational rehabilitation
9 referral who (i) was unemployed prior to being hired by the taxpayer applying
10 for the credit provided by this section and (ii) is employed by the taxpayer for
11 at least 20 hours per week at an hourly wage above minimum wage for at least
12 12 consecutive weeks during the calendar year.

13 (2) Vocational rehabilitation referral. – Defined in section 51 of the Code.

14 (b) Credit. – A taxpayer that employs an eligible vocational rehabilitation referral is
15 allowed a credit against the taxes imposed by this Part equal to the amount allowed under section
16 51 of the Code.

17 (c) Limitations. – The credit allowed under this section may not exceed the amount of
18 tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except
19 payments of tax made by or on behalf of a taxpayer.

20 (d) Substantiation. – To claim a credit allowed by this section, the taxpayer must provide
21 any information required by the Secretary of Revenue, including the information required to be
22 included in the report required by subsection (e) of this section. Every taxpayer claiming a credit
23 under this section must maintain and make available for inspection by the Secretary of Revenue
24 any records the Secretary considers necessary to determine and verify the amount of the credit to
25 which the taxpayer is entitled. The burden of proving eligibility for a credit and the amount of
26 the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that (i) fails to
27 maintain adequate records or to make them available for inspection or (ii) terminates an employee
28 or otherwise reduces its workforce for the purpose of creating a new hire eligible for the credit
29 provided by this section.

30 (e) Reports. – The Department must include in the economic incentives report required
31 by G.S. 105-256 the following information itemized by credit and by taxpayer:

32 (1) The number of taxpayers that took the credits allowed in this section.

33 (2) The amount of each credit claimed.

34 (3) The total cost to the General Fund of the credits claimed."



1 **SECTION 2.** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General
2 Statutes is amended by adding a new section to read:

3 **"§ 105-153.11. Work Opportunity credit.**

4 (a) Definitions. – The following definitions apply in this section:

5 (1) Eligible vocational rehabilitation referral. – A vocational rehabilitation
6 referral who (i) was unemployed prior to being hired by the taxpayer applying
7 for the credit provided by this section and (ii) is employed by the taxpayer for
8 at least 20 hours per week at an hourly wage above minimum wage for at least
9 12 consecutive weeks during the calendar year.

10 (2) Vocational rehabilitation referral. – Defined in section 51 of the Code.

11 (b) Credit. – A taxpayer that employs an eligible vocational rehabilitation referral is
12 allowed a credit against the taxes imposed by this Part equal to the amount allowed under section
13 51 of the Code.

14 (c) Limitations. – The credit allowed under this section may not exceed the amount of
15 tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except
16 payments of tax made by or on behalf of a taxpayer.

17 (d) Substantiation. – To claim a credit allowed by this section, the taxpayer must provide
18 any information required by the Secretary of Revenue, including the information required to be
19 included in the report required by subsection (e) of this section. Every taxpayer claiming a credit
20 under this section must maintain and make available for inspection by the Secretary of Revenue
21 any records the Secretary considers necessary to determine and verify the amount of the credit to
22 which the taxpayer is entitled. The burden of proving eligibility for a credit and the amount of
23 the credit rests upon the taxpayer, and no credit may be allowed to a taxpayer that (i) fails to
24 maintain adequate records or to make them available for inspection or (ii) terminates an employee
25 or otherwise reduces its workforce for the purpose of creating a new hire eligible for the credit
26 provided by this section.

27 (e) Reports. – The Department must include in the economic incentives report required
28 by G.S. 105-256 the following information itemized by credit and by taxpayer:

29 (1) The number of taxpayers that took the credits allowed in this section.

30 (2) The amount of each credit claimed.

31 (3) The total cost to the General Fund of the credits claimed."

32 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
33 2023.