

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 103

Short Title: Equal Tax Treatment of Gov't Retirees. (Public)

Sponsors: Representatives Cleveland, Iler, Setzer, and Dollar (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance, if favorable, Pensions and Retirement

February 16, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE EQUAL INCOME TAX TREATMENT OF GOVERNMENT
3 RETIREES' BENEFITS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-153.3 is amended by adding a new subdivision to read:

6 "(15a) Retirement plan. – A written retirement plan established by the employer to
7 provide payments to an employee or the beneficiary of an employee after the
8 end of the employee's employment with the employer where the right to receive
9 the payments is based upon the employment relationship. With respect to a
10 self-employed individual or the beneficiary of a self-employed individual, the
11 term means a written retirement plan established by the individual to provide
12 payments to the individual or the beneficiary of the individual after the end of
13 the self-employment. In addition, the term includes an individual retirement
14 plan as defined in the Code and any plan treated as an individual retirement
15 plan under the Code. For the purpose of this subdivision, the term "employee"
16 includes a volunteer worker."

17 **SECTION 2.** G.S. 105-153.5(b) is amended by adding a new subdivision to read:

18 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
19 deduct from the taxpayer's adjusted gross income any of the following items that are included in
20 the taxpayer's adjusted gross income:

21 ...
22 (5a) The amount received during the taxable year from one or more State, local, or
23 federal government retirement plans, subject to the phase-in provided in this
24 subdivision:

25 **Taxpayer Vested in the Plan**

26 **on or Before**

27 August 1992

28 August 1995

29 August 1998

30 August 2001

31 August 2004

32 August 2007

33 August 2010

34 August 2013

35 August 2017

Income Years Beginning

In 2017

In 2018

In 2019

In 2020

In 2021

In 2022

In 2023

In 2024

In 2025.



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SECTION 3. G.S. 105-153.5(b) is amended by adding two new subdivisions to read:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

(5b) The amount received during the taxable year under North Carolina State and local government retirement plans and under federal government retirement plans.

(5c) The amount received during the taxable year under a state or local government retirement plan of a state other than North Carolina, to the extent that other state would not subject to individual income tax the equivalent amount received under a North Carolina State or local government retirement plan.

...."

SECTION 4. Section 2 of this act is effective for taxable years beginning on or after January 1, 2017. Section 2 of this act is repealed for taxable years beginning on or after January 1, 2026, and Section 3 of this act is effective for taxable years beginning on or after January 1, 2026. The remainder of this act is effective when it becomes law.