**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 2007**

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**SENATE DRS65081-LY-107 (2/21)**

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| Short Title: | Taxation of Out-of-State Military Pay. | (Public) |
| Sponsors: | Senator Shaw. | |
| Referred to: | | |

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FOR THE STATE INCOME TAX AMOUNTS EARNED BY ACTIVE DUTY MILITARY PERSONNEL OUTSIDE OF THIS STATE.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-134.6(b) is amended by adding a new subdivision to read:

"(b) Deductions. – The following deductions from taxable income shall be made in calculating North Carolina taxable income, to the extent each item is included in taxable income:

…

(19) Compensation that is paid by the armed forces of the United States for services performed outside of this State during the taxable year to an individual who is on active duty as a full-time member of the armed forces."

**SECTION 2.** This act is effective for taxable years beginning on or after January 1, 2007.