

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 96

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

Sponsors: Representatives Cleveland and Boles (Primary Sponsors).

*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Government, if favorable, Finance.

February 14, 2013

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. 105-134.1(13) reads as rewritten:

6 "(13) Retirement benefits.—~~Amounts paid to a former employee or the beneficiary~~  
7 ~~of a former employee under a plan.~~ – A written retirement plan established  
8 by the employer to provide payments to an employee or the beneficiary of an  
9 employee after the end of the employee's employment with the employer  
10 where the right to receive the payments is based upon the employment  
11 relationship. With respect to a self-employed individual or the beneficiary of  
12 a self-employed individual, the term means ~~amounts paid to the individual or~~  
13 ~~beneficiary of the individual under~~ a written retirement plan established by  
14 the individual to provide payments to the individual or the beneficiary of the  
15 individual after the end of the self-employment. In addition, the term  
16 includes ~~amounts received from an individual retirement account described~~  
17 ~~in section 408 of the Code or from an individual retirement annuity~~  
18 ~~described in section 408 of~~ an individual retirement plan as defined in the  
19 Code and any plan treated as an individual retirement plan under the Code.  
20 For the purpose of this subdivision, the term "employee" includes a  
21 volunteer worker."

22 **SECTION 2.** G.S. 105-134.6(b) is amended by adding a new subdivision to read:

23 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
24 deduct any of the following items to the extent those items are included in the taxpayer's  
25 adjusted gross income.

26 ...

27 (5c) The amount received during the taxable year from one or more State, local,  
28 or federal government retirement plans, subject to the phase-in provided in  
29 this subdivision:

30 **Taxpayer Vested in the Plan**

31 **on or before:**

31 **Income Years Beginning**

32 August 1992

In 2013

33 August 1995

In 2014

34 August 1998

In 2015

35 August 2001

In 2016



1	<u>August 2004</u>	<u>In 2017</u>
2	<u>August 2007</u>	<u>In 2018</u>
3	<u>August 2010</u>	<u>In 2019</u>
4	<u>August 2013</u>	<u>In 2020</u>
5	<u>August 2016</u>	<u>In 2021"</u>

6 **SECTION 3.** G.S. 105-134.6(b) reads as rewritten:

7 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
8 deduct any of the following items to the extent those items are included in the taxpayer's  
9 adjusted gross income.

- 10 ...
- 11 (6) a. ~~An amount, not to exceed four thousand dollars (\$4,000), equal to the~~  
12 ~~sum of the amount calculated in subparagraph b. plus the amount~~  
13 ~~calculated in subparagraph c.~~
- 14 b. ~~The amount calculated in this subparagraph is the amount received~~  
15 ~~during the taxable year from one or more state, local, or federal~~  
16 ~~government retirement plans.~~
- 17 c. ~~The amount calculated in this subparagraph is the~~The amount  
18 received during the taxable year from one or more retirement plans  
19 other than state, local, or federal government retirement plans, not to  
20 exceed a total of two thousand dollars (\$2,000) in any taxable year.
- 21 d. ~~In year. In the case of a married couple filing a joint return where~~  
22 ~~return, if both spouses received retirement benefits during the taxable~~  
23 ~~year, the maximum dollar amounts provided in this subdivision for~~  
24 ~~various types of retirement benefits apply~~amount applies separately  
25 to each spouse's benefits.

26 (6a) The amount received during the taxable year under North Carolina State and  
27 local government retirement plans and under federal government retirement  
28 plans.

- 29 (6b) The greater of the following:
- 30 a. The amount received during the taxable year under a state or local  
31 government retirement plan of a state other than North Carolina, to  
32 the extent that other state would not subject to individual income tax  
33 the equivalent amount received under a North Carolina State or local  
34 government retirement plan.
- 35 b. Up to four thousand dollars (\$4,000) received during the taxable year  
36 under a state or local government retirement plan of a state other than  
37 North Carolina. In the case of a married couple filing a joint return, if  
38 both spouses received benefits from a retirement plan during the  
39 taxable year, the maximum dollar amount applies separately to each  
40 spouse's benefits."

41 **SECTION 4.** Section 2 of this act is effective for taxable years beginning on or  
42 after January 1, 2013. Section 2 of this act is repealed for taxable years beginning on or after  
43 January 1, 2022, and Section 3 of this act is effective for taxable years beginning on or after  
44 January 1, 2022. The remainder of this act is effective when it becomes law.