

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE BILL 246*

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

Sponsors: Senators Randleman (Primary Sponsor); Brock, J. Davis, Newton, and Pate.

Referred to: Pensions & Retirement and Aging.

March 12, 2013

A BILL TO BE ENTITLED
AN ACT TO PROVIDE EQUAL INCOME TAX TREATMENT OF GOVERNMENT
RETIREEES' BENEFITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.1(13) reads as rewritten:

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

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

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

...

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

Taxpayer Vested in the Plan
on or before:

Income Years Beginning

August 1992
August 1995
August 1998
August 2001
August 2004

In 2013
In 2014
In 2015
In 2016
In 2017



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

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

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

- 9 ...
- 10 (6) a. ~~An amount, not to exceed four thousand dollars (\$4,000), equal to the~~
 11 ~~sum of the amount calculated in subparagraph b. plus the amount~~
 12 ~~calculated in subparagraph e.~~
 13 b. ~~The amount calculated in this subparagraph is the amount received~~
 14 ~~during the taxable year from one or more state, local, or federal~~
 15 ~~government retirement plans.~~
 16 e. ~~The amount calculated in this subparagraph is the~~The amount
 17 received during the taxable year from one or more retirement plans
 18 other than state, local, or federal government retirement plans, not to
 19 exceed a total of two thousand dollars (\$2,000) in any taxable year.
 20 d. ~~In year. In the case of a married couple filing a joint return where~~
 21 ~~return, if both spouses received retirement benefits during the taxable~~
 22 ~~year, the maximum dollar amounts provided in this subdivision for~~
 23 ~~various types of retirement benefits apply~~amount applies separately
 24 to each spouse's benefits.

25 (6a) The amount received during the taxable year under North Carolina State and
 26 local government retirement plans and under federal government retirement
 27 plans.

- 28 (6b) The greater of the following:
 29 a. The amount received during the taxable year under a state or local
 30 government retirement plan of a state other than North Carolina, to
 31 the extent that other state would not subject to individual income tax
 32 the equivalent amount received under a North Carolina State or local
 33 government retirement plan.
 34 b. Up to four thousand dollars (\$4,000) received during the taxable year
 35 under a state or local government retirement plan of a state other than
 36 North Carolina. In the case of a married couple filing a joint return, if
 37 both spouses received benefits from a retirement plan during the
 38 taxable year, the maximum dollar amount applies separately to each
 39 spouse's benefits."

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