

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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HOUSE BILL 473
Committee Substitute Favorable 6/3/11

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

(Public)

Sponsors:

Referred to:

March 28, 2011

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) Deductions. — The following deductions from taxable income shall be made in
24 calculating North Carolina taxable income, to the extent each item is included in taxable
25 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:**

Income Years Beginning

32 August 1992

In 2011

33 August 1995

In 2012

34 August 1998

In 2013

35 August 2001

In 2014

36 August 2004

In 2015



1	<u>August 2007</u>	<u>In 2016</u>
2	<u>August 2010</u>	<u>In 2017</u>
3	<u>August 2013</u>	<u>In 2018</u>
4	<u>August 2016</u>	<u>In 2019".</u>

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

6 "(b) Deductions. – The following deductions from taxable income shall be made in
7 calculating North Carolina taxable income, to the extent each item is included in taxable
8 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 ~~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, 2011. Section 2 of this act is repealed for taxable years beginning on or after
42 January 1, 2020, and Section 3 of this act is effective for taxable years beginning on or after
43 January 1, 2020. The remainder of this act is effective when it becomes law.