

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 384
Committee Substitute Favorable 4/8/25

Short Title: Nat. Guard Tax Deduction for Fed. Pay.

(Public)

Sponsors:

Referred to:

March 13, 2025

A BILL TO BE ENTITLED
AN ACT TO ALLOW ENLISTED MEMBERS OF THE NATIONAL GUARD WITH A
RANK OF E-1 THROUGH E-5 TO DEDUCT THEIR FEDERAL BASIC PAY FROM THE
STATE INCOME TAX AND TO TRANSFER ADDITIONAL SPORTS WAGERING TAX
PROCEEDS TO THE GENERAL FUND.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(17) The total amount of federal basic pay under Title 37 of the United States Code received by an enlisted member of the Army National Guard or the Air National Guard who holds the rank of E-1, E-2, E-3, E-4, or E-5."

SECTION 2. G.S. 105-113.128(5) reads as rewritten:

"(5) Of the remaining proceeds, as follows:

- a. Twenty percent (20%) annually to be distributed equally among the institutions listed in this sub-subdivision to support collegiate athletic departments, not to supplant general funding to that institution. The institutions are listed as follows:
 1. Appalachian State University.
 2. East Carolina University.
 3. Elizabeth City State University.
 4. Fayetteville State University.
 5. North Carolina Agricultural & Technical State University.
 6. North Carolina Central University.
 7. University of North Carolina at Asheville.
 8. University of North Carolina at Charlotte.
 9. University of North Carolina at Greensboro.
 10. University of North Carolina at Pembroke.
 11. University of North Carolina at Wilmington.
 12. Western Carolina University.
 13. Winston-Salem State University.
- b. ~~Thirty~~ Twenty-nine percent ~~(30%)~~ (29%) annually to the North Carolina Major Events, Games, and Attractions Fund established under G.S. 143B-437.112.
- c. ~~Fifty percent (50%)~~ Proceeds not otherwise credited under this section, annually to the General Fund."



1 **SECTION 3.** Section 1 of this act is effective for taxable years beginning on or after
2 January 1, 2025. Section 2 of this act is effective July 1, 2025, and applies to net proceeds credited
3 on or after that date. The remainder of this act is effective when it becomes law.