H.B. 387
Mar 12, 2025
HOUSE PRINCIPAL CLERK

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H **D**

HOUSE BILL DRH40183-NIf-55

Short Title:	Eliminate Tax on Gov't Retirees.	(Public)
Sponsors:	Representative Schietzelt.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO MAKE INCOME RECEIVED FROM A NORTH CAROLINA STATE OR LOCAL GOVERNMENT RETIREMENT PLAN, OR A FEDERAL GOVERNMENT RETIREMENT PLAN, EXEMPT FROM INCOME TAX.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(b) reads as rewritten:

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

…

(5) The amount received during the taxable year from one or more ~~State, local, or federal government retirement plans to the extent the amount is exempt from tax under this Part pursuant to a court order in settlement of any of the following cases:~~of the following:

~~a. Bailey v. State, 92 cvs 10221, 94 cvs 6904, 95 cvs 6625, 95 cvs 8230.~~

~~b. Emory v. State, 98 CVS 0738.~~

~~c. Patton v. State, 95 CVS 04346.~~

d. A North Carolina State government retirement plan.

e. A North Carolina local government retirement plan.

f. A federal government retirement plan not included within subdivision (5a) of this subsection.

…."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2026.

DRH40183-NIF-55