

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025**

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**HOUSE BILL 387**

Short Title: Eliminate Tax on Gov't Retirees. (Public)

Sponsors: Representatives Schietzelt and Huneycutt (Primary Sponsors).  
*For a complete list of sponsors, refer to the North Carolina General Assembly web site.*

Referred to: State and Local Government, if favorable, Finance, if favorable, Rules, Calendar,  
and Operations of the House

March 13, 2025

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 evs 10221, 94 evs 6904, 95 evs 6625, 95 evs 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.

