

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 52

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

Sponsors: Representatives Cleveland, Blackwell, Hurley, and Clampitt (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

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

February 4, 2021

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. 105-153.3 is amended by adding a new subdivision to read:

6 "(15a) Retirement plan. – A written retirement plan established by the employer to
7 provide payments to an employee or the beneficiary of an employee after the
8 end of the employee's employment with the employer where the right to
9 receive the payments is based upon the employment relationship. With respect
10 to a self-employed individual or the beneficiary of a self-employed individual,
11 the term means a written retirement plan established by the individual to
12 provide payments to the individual or the beneficiary of the individual after
13 the end of the self-employment. In addition, the term includes an individual
14 retirement plan as defined in the Code and any plan treated as an individual
15 retirement plan under the Code. For the purpose of this subdivision, the term
16 "employee" includes a volunteer worker."

17 **SECTION 2.** G.S. 105-153.5(b) reads as rewritten:

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

21 ...
22 (5a) The amount received during the taxable year from one or more State, local, or
23 federal government retirement plans, subject to the phase-in provided in this
24 subdivision:

25 **Taxpayer Vested in the Plan**

Income Years Beginning

26 <u>on or Before</u>	
27 <u>August 1992</u>	<u>In 2021</u>
28 <u>August 1995</u>	<u>In 2022</u>
29 <u>August 1998</u>	<u>In 2023</u>
30 <u>August 2001</u>	<u>In 2024</u>
31 <u>August 2004</u>	<u>In 2025</u>
32 <u>August 2007</u>	<u>In 2026</u>
33 <u>August 2010</u>	<u>In 2027</u>
34 <u>August 2013</u>	<u>In 2028</u>



1 August 2017 In 2029
2 August 2021 In 2030.

3 "

4 **SECTION 3.** G.S. 105-153.5(b) reads as rewritten:

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

8 ...

9 (5b) The amount received during the taxable year under North Carolina State and
10 local government retirement plans and under federal government retirement
11 plans.

12 (5c) The amount received during the taxable year under a state or local government
13 retirement plan of a state other than North Carolina, to the extent that other
14 state would not subject to individual income tax the equivalent amount
15 received under a North Carolina State or local government retirement plan.

16 "

17 **SECTION 4.** Section 2 of this act is effective for taxable years beginning on or after
18 January 1, 2021, and is repealed for taxable years beginning on or after January 1, 2031, and
19 Section 3 of this act is effective for taxable years beginning on or after January 1, 2031. The
20 remainder of this act is effective when it becomes law.