

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011

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HOUSE BILL 473  
PROPOSED COMMITTEE SUBSTITUTE H473-PCS30366-RB-44

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

(Public)

Sponsors:

Referred to:

March 28, 2011

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EQUAL INCOME TAX TREATMENT OF GOVERNMENT  
RETIREEES' BENEFITS.

The General Assembly of North Carolina enacts:

**SECTION 1.** G.S. 105-134.1(13) reads as rewritten:

"(13) Retirement benefits. — ~~Amounts paid to a former employee or the beneficiary of a former employee under a plan. — A~~ written retirement plan established by the employer to provide payments to an employee or the beneficiary of an employee after the end of the employee's employment with the employer where the right to receive the payments is based upon the employment relationship. With respect to a self-employed individual or the beneficiary of a self-employed individual, the term means ~~amounts paid to the individual or beneficiary of the individual under~~ a written retirement plan established by the individual to provide payments to the individual or the beneficiary of the individual after the end of the self-employment. In addition, the term includes ~~amounts received from an individual retirement account described in section 408 of the Code or from an individual retirement annuity described in section 408 of~~ an individual retirement plan as defined in the Code and any plan treated as an individual retirement plan under the Code. For the purpose of this subdivision, the term "employee" includes a volunteer worker."

**SECTION 2.** G.S. 105-134.6(b) is amended by adding a new subdivision to read:

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

...

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

**Taxpayer Vested in the Plan**

**on or before:**

August 1992

August 1995

**Income Years Beginning**

In 2011

In 2012



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1	<u>August 1998</u>	<u>In 2013</u>
2	<u>August 2001</u>	<u>In 2014</u>
3	<u>August 2004</u>	<u>In 2015</u>
4	<u>August 2007</u>	<u>In 2016</u>
5	<u>August 2010</u>	<u>In 2017</u>
6	<u>August 2013</u>	<u>In 2018</u>
7	<u>August 2016</u>	<u>In 2019"</u>

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

"(b) Deductions. – The following deductions from taxable income shall be made in calculating North Carolina taxable income, to the extent each item is included in taxable income:

- ...
- (6) a. ~~An amount, not to exceed four thousand dollars (\$4,000), equal to the sum of the amount calculated in subparagraph b. plus the amount calculated in subparagraph c.~~
  - b. ~~The amount calculated in this subparagraph is the amount received during the taxable year from one or more state, local, or federal government retirement plans.~~
  - c. ~~The amount calculated in this subparagraph is the~~ The amount received during the taxable year from one or more retirement plans other than state, local, or federal government retirement plans, not to exceed a total of two thousand dollars (\$2,000) in any taxable year.
  - d. ~~In year. In the case of a married couple filing a joint return where return, if both spouses received retirement benefits during the taxable year, the maximum dollar amounts provided in this subdivision for various types of retirement benefits apply~~ amount applies separately to each spouse's benefits.
- (6a) The amount received during the taxable year under North Carolina State and local government retirement plans and under federal government retirement plans.
- (6b) The greater of the following:
- a. The amount received during the taxable year under a state or local government retirement plan of a state other than North Carolina, to the extent that other state would not subject to individual income tax the equivalent amount received under a North Carolina State or local government retirement plan.
  - b. Up to four thousand dollars (\$4,000) received during the taxable year under a state or local government retirement plan of a state other than North Carolina. In the case of a married couple filing a joint return, if both spouses received benefits from a retirement plan during the taxable year, the maximum dollar amount applies separately to each spouse's benefits."

**SECTION 4.** Section 2 of this act is effective for taxable years beginning on or after January 1, 2011. Section 2 of this act is repealed for taxable years beginning on or after January 1, 2020, and Section 3 of this act is effective for taxable years beginning on or after January 1, 2020. The remainder of this act is effective when it becomes law.