

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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

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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.

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



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