

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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HOUSE BILL 83

Short Title: Eliminate Income Tax for Military Retirees. (Public)

Sponsors: Representatives Szoka, Bradford, Bell, and Wheatley (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Homeland Security, Military, and Veterans Affairs, if favorable, Finance, if favorable, Rules, Calendar, and Operations of the House

February 16, 2021

A BILL TO BE ENTITLED
AN ACT TO EXCLUDE MILITARY RETIREMENT PAY FROM TAXATION FOR
CERTAIN RETIRED MEMBERS OF THE ARMED FORCES OF THE UNITED STATES.

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;~~ cases listed in this subdivision. Amounts deducted under this subdivision may not also be deducted under subdivision (5a) of this subsection.

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.

(5a) The amount received during the taxable year from the United States government as retirement pay for a retired member of the Armed Forces of the United States by a taxpayer who served at least 20 years in the Armed Forces of the United States. Amounts deducted under this subdivision may not also be deducted under subdivision (5) of this subsection.

...."

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2021.

