GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H.B. 52
Feb 3, 2021
HOUSE PRINCIPAL CLERK

H D

HOUSE BILL DRH40050-MCf-2

Short Title:	Equal Tax Treatment of Gov't Retirees.	(Public)
Sponsors:	Representative Cleveland.	
Referred to:		

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.3 is amended by adding a new subdivision to read:

"(15a) Retirement 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 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 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. 105-153.5(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:

…

(5a) 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	**Income Years Beginning**
August 1992	In 2021
August 1995	In 2022
August 1998	In 2023
August 2001	In 2024
August 2004	In 2025
August 2007	In 2026
August 2010	In 2027
August 2013	In 2028
August 2017	In 2029
August 2021	In 2030.

DRH40050-MCF-2

…."

SECTION 3. 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:

…

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

(5c) 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.

…."

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 Section 2 of this act is effective for taxable years beginning on or after January 1, 2021, and is repealed for taxable years beginning on or after January 1, 2031, and Section 3 of this act is effective for taxable years beginning on or after January 1, 2031.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