

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015**

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**HOUSE BILL 114**

Short Title: Equal Tax Treatment of Govt Retirees. (Public)

Sponsors: Representatives Cleveland, Iler, Setzer, and Whitmire (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: State Personnel, if favorable, Finance.

February 27, 2015

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  
10 respect to a self-employed individual or the beneficiary of a self-employed  
11 individual, the term means a written retirement plan established by the  
12 individual to provide payments to the individual or the beneficiary of the  
13 individual after the end of the self-employment. In addition, the term  
14 includes an individual retirement plan as defined in the Code and any plan  
15 treated as an individual retirement plan under the Code. For the purpose of  
16 this subdivision, the term "employee" includes a volunteer worker."

17 **SECTION 2.** G.S. 105-153.5 is amended by adding a new subdivision to read:

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  
20 in the taxpayer's adjusted gross income:

21 ...

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

25 **Taxpayer Vested in the Plan**

26 **on or Before**

27 August 1992

28 August 1995

29 August 1998

30 August 2001

31 August 2004

32 August 2007

33 August 2010

34 August 2013

35 August 2016

**Income Years Beginning**

In 2015

In 2016

In 2017

In 2018

In 2019

In 2020

In 2021

In 2022

In 2023."



1           **SECTION 3.** G.S. 105-153.5(b) is amended by adding two new subdivisions to  
2 read:  
3           "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may  
4 deduct from the taxpayer's adjusted gross income any of the following items that are included  
5 in the taxpayer's adjusted gross income:

6           ...  
7           **(5b)** The amount received during the taxable year under North Carolina State and  
8           local government retirement plans and under federal government retirement  
9           plans.

10           **(5c)** The amount received during the taxable year under a state or local  
11           government retirement plan of a state other than North Carolina, to the  
12           extent that other state would not subject to individual income tax the  
13           equivalent amount received under a North Carolina State or local  
14           government retirement plan."

15           **SECTION 4.** Section 2 of this act is effective for taxable years beginning on or  
16 after January 1, 2015. Section 2 of this act is repealed for taxable years beginning on or after  
17 January 1, 2024, and Section 3 of this act is effective for taxable years beginning on or after  
18 January 1, 2024. The remainder of this act is effective when it becomes law.