

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE BILL 345

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

Sponsors: Representatives Underhill, Cleveland, Glazier, Martin (Primary Sponsors);
M. Alexander, Blackwood, Blust, Braxton, Cole, Dickson, Dollar, Faison,
Goforth, Gulley, Holloway, Hurley, Killian, Samuelson, Tarleton, Tillis,
Wainwright, West, Wiley, and Wilkins.

Referred to: Pensions and Retirement, if favorable, Finance.

March 2, 2009

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. 105-134.6(b) reads as rewritten:

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

9 ...

10 (6) a. ~~An amount, not to exceed four thousand dollars (\$4,000), equal to the~~
11 ~~sum of the amount calculated in subparagraph b. plus the amount~~
12 ~~calculated in subparagraph c.~~

13 b. ~~The amount calculated in this subparagraph is the amount received~~
14 ~~during the taxable year from one or more state, local, or federal~~
15 ~~government retirement plans.~~

16 e. ~~The amount calculated in this subparagraph is the~~The amount
17 received during the taxable year from one or more retirement plans
18 other than state, local, or federal government retirement plans, not to
19 exceed a total of two thousand dollars (\$2,000) in any taxable year.

20 d. ~~In year. In~~ the case of a married couple filing a joint ~~return where~~
21 ~~return, if~~ both spouses received retirement benefits during the taxable
22 year, the maximum dollar ~~amounts provided in this subdivision for~~
23 ~~various types of retirement benefits apply~~amount applies separately
24 to each spouse's benefits.

25 (6a) The amount received during the taxable year under North Carolina State and
26 local government retirement plans and under federal government retirement
27 plans.

28 (6b) The greater of the following:

29 a. The amount received during the taxable year under a state or local
30 government retirement plan of a state other than North Carolina, to
31 the extent that other state would not subject to individual income tax
32 the equivalent amount received under a North Carolina State or local
33 government retirement plan.



1 b. Up to four thousand dollars (\$4,000) received during the taxable year
2 under a state or local government retirement plan of a state other than
3 North Carolina. In the case of a married couple filing a joint return, if
4 both spouses received benefits from a retirement plan during the
5 taxable year, the maximum dollar amount applies separately to each
6 spouse's benefits."

7 **SECTION 2.** G.S. 105-134.1(13) reads as rewritten:

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

24 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,

25 2009.