

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1259

Short Title: Refund Federal Retirees.

(Public)

Sponsors: Representatives Grady, Morgan; Allred, Bowie, Cansler, Cocklereece, Culp, Hurley, Nichols, Preston, J. Robinson, Sexton, Sharpe, and Sherrill.

Referred to: Rules, Calendar and Operations of the House.

May 21, 1996

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE FEDERAL RETIREES REFUNDS, WITHOUT INTEREST,
2 FOR STATE INCOME TAX PAID ON THEIR RETIREMENT BENEFITS FOR
3 TAX YEARS 1985 THROUGH 1988.
4

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-151.20 reads as rewritten:

7 "**§ 105-151.20. ~~Credit~~ Refund for tax paid on certain government retirement**
8 **benefits.**

9 ~~A taxpayer who received government retirement benefits during the 1988 tax year may~~
10 ~~claim a credit against the tax imposed by this Division equal to the amount by which the~~
11 ~~tax under this Division paid by the taxpayer for the 1988 tax year would have been~~
12 ~~reduced if none of the taxpayer's government retirement benefits had been included in the~~
13 ~~taxpayer's taxable income. If a taxpayer received a refund of any tax paid under this~~
14 ~~Division on government retirement benefits for the 1988 tax year, the amount of the~~
15 ~~refund reduces the amount of the credit allowed under this section.~~

16 ~~As used in this section, the term 'government retirement benefits' means retirement~~
17 ~~benefits received from one or more state, local, or federal government retirement plans.~~
18 ~~As used in this section, the term '1988 tax year' means the taxpayer's taxable year~~
19 ~~beginning on a day in 1988.~~

1 ~~The credit allowed under this section shall be taken in equal installments over the~~
2 ~~taxpayer's first three taxable years beginning on or after January 1, 1990. The credit~~
3 ~~allowed under this section may not exceed the amount of tax imposed by this Division~~
4 ~~reduced by the sum of all credits allowed against the tax, except payments of tax made by~~
5 ~~or on behalf of the taxpayer.~~

6 (a) Purpose; Definitions. – The purpose of this section is to benefit certain retired
7 federal government workers on account of their public service. The following definitions
8 apply in this section:

9 (1) Federal retirement benefits. – Retirement benefits received from one or
10 more federal government retirement plans.

11 (2) Net pension tax. – The amount of tax a taxpayer paid under this
12 Division for the 1985, 1986, 1987, and 1988 tax years on federal
13 retirement benefits, without interest, less any part of the tax for which
14 the taxpayer received a credit under this section and any part of the tax
15 previously refunded to the taxpayer.

16 (3) Tax year. – The taxpayer's taxable year beginning on a day in the
17 applicable calendar year.

18 (b) Request for Refund. – Notwithstanding the time limitations of G.S. 105-267,
19 and subject to the conditions set in this section, if on or before April 15, 1997, a taxpayer
20 or the representative of the estate of a deceased taxpayer requests a refund of the
21 taxpayer's net pension tax, that request shall be timely for the purposes of G.S. 105-267.
22 Notwithstanding the provisions of G.S. 105-266, refunds pursuant to this section that
23 would otherwise be barred by G.S. 105-267 shall bear no interest.

24 (c) Procedure. – The Secretary shall print on the individual income tax instructions
25 for the 1996 tax year a prominent notice of the right to refunds authorized by this section
26 and the procedure for requesting a refund. The Secretary shall also circulate copies of
27 this notice among organizations and individuals the Secretary considers likely to be
28 affected by this section. The Secretary shall verify the amount of each refund requested
29 and pay the refund to the taxpayer as soon as possible after it is requested. The Secretary
30 shall draw the refunds paid under this section from the Savings Reserve Account
31 established pursuant to G.S. 143-15.3."

32 Sec. 2. Effective January 1, 1999, G.S. 105-151.20 is repealed.

33 Sec. 3. Section 2 of this act becomes effective January 1, 1999. The
34 remainder of this act becomes effective July 1, 1996.