

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE BILL 2657

Short Title: Equalize Tax Treatment of Pensions. (Public)

Sponsors: Representatives Daughtride; Brubaker, Clary, Daughtry, Eddins, Faison, Hollo, Johnson, Kiser, LaRoque, McGee, Moore, Pate, Preston, Ray, Sauls, Starnes, Steen, Walker, Wiley, and Wilson.

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

May 25, 2006

A BILL TO BE ENTITLED

AN ACT TO EQUALIZE THE INCOME TAX TREATMENT OF RETIREMENT BENEFITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(b)(6) reads as rewritten:

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

...

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

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

c. ~~The amount calculated in this subparagraph is the~~The amount received during the taxable year from one or more retirement plans ~~other than state, local, or federal government retirement plans, not to exceed a total of two four thousand dollars (\$2,000)(\$4,000) in any taxable year.~~

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

SECTION 2. This act is effective for taxable years beginning on or after January 1, 2006.