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. 105-134.1(13) reads as rewritten:

"(13) Retirement benefits. — Amounts paid to a former employee or the beneficiary of a former employee under a 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 amounts paid to the individual or beneficiary of the individual under 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 amounts received from an individual retirement account described in section 408 of the Code or from an individual retirement annuity described in section 408 of 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. 105-134.6(b) is amended by adding a new subdivision to read:

"(b) Other Deductions. — In calculating North Carolina taxable income, a taxpayer may deduct any of the following items to the extent those items are included in the taxpayer's adjusted gross income.

..."

(5c) 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

<table>
<thead>
<tr>
<th>on or before:</th>
<th>Income Years Beginning</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 1992</td>
<td>In 2013</td>
</tr>
<tr>
<td>August 1995</td>
<td>In 2014</td>
</tr>
<tr>
<td>August 1998</td>
<td>In 2015</td>
</tr>
<tr>
<td>August 2001</td>
<td>In 2016</td>
</tr>
</tbody>
</table>
SECTION 3. G.S. 105-134.6(b) reads as rewritten:

"(b) Other Deductions.– In calculating North Carolina taxable income, a taxpayer may
deduct any of the following items to the extent those items are included in the taxpayer's
adjusted gross 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 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 thousand dollars ($2,000) in any taxable
year.

d. In year. 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 provided in this subdivision for
various types of retirement benefits apply separately
to each spouse's benefits.

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

(6b) The greater of the following:

a. 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.

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

SECTION 4. Section 2 of this act is effective for taxable years beginning on or
after January 1, 2013. Section 2 of this act is repealed for taxable years beginning on or after
January 1, 2022, and Section 3 of this act is effective for taxable years beginning on or after
January 1, 2022. The remainder of this act is effective when it becomes law.