

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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SENATE BILL 4

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

Sponsors: Senators Burgin, Davis, and Lazzara (Primary Sponsors).

Referred to: Rules and Operations of the Senate

January 28, 2021

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EQUAL TAX TREATMENT OF MILITARY AND GOVERNMENT RETIREES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

(5a) The amount received during the taxable year from a federal government retirement plan for a retired member of the Armed Forces of the United States or as survivorship benefits for survivors of active duty or retired members of the Armed Forces of the United States. Amounts deducted under this subdivision may not also be deducted under subdivision (5) of this subsection.

...."

SECTION 1.(b) G.S. 105-153.5(b) reads as rewritten:

"(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may deduct from the taxpayer's adjusted gross income any of the following items that are included in the taxpayer's adjusted gross income:

...

(5b) The amount received during the taxable year from one or more State, local, or federal government retirement plans. Amounts deducted under this subdivision may not also be deducted under subdivision (5) or (5a) of this subsection.

...."

SECTION 1.(c) When the amount of net General Fund tax collected in a fiscal year exceeds twenty-three billion eight hundred thirty-eight million dollars (\$23,838,000,000), subsection (a) of this section becomes effective for the taxable year that begins on the following January 1. When the amount of net General Fund collected in a fiscal year exceeds twenty-four billion two hundred thirty-eight million dollars (\$24,238,000,000), subsection (b) of this section becomes effective for the taxable year that begins on the following January 1. The Secretary must notify taxpayers when the tax deductions enacted by this section become effective.

For purposes of this section, the amount of net General Fund tax collected for a fiscal year is the amount of net revenue as reported by the Department of Revenue's June Final Statement of Collection as "Total General Fund Revenue" for the 12-month period that ended the previous June 30, modified as follows:



- 1 (1) Less any large one-time, nonrecurring revenue as reported to the Fiscal
2 Research Division of the General Assembly by the Department and verified
3 by the Fiscal Research Division of the General Assembly.
4 (2) Adjusted by any changes in net collections resulting from the suspension or
5 termination of transfers out of General Fund tax collections.
6 **SECTION 2.** Except as otherwise provided, this act is effective when it becomes
7 law.