

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 1325

Short Title: Reduce Pension Tax.

(Public)

Sponsors: Representatives Davis, Hurley; Adams, Allred, Arnold, Berry, Blue, Bowie, Brown, Brubaker, Buchanan, Capps, Clary, Crawford, Culp, Cunningham, Daughtry, Decker, Dockham, Eddins, Edwards, Ellis, Esposito, Gillespie, Gulley, Hensley, Holmes, Howard, Hunter, Justus, Kinney, Kiser, McComas, McMahan, Mitchell, Moore, Morris, Oldham, Pope, Preston, Rayfield, Redwine, Russell, Sexton, Starnes, Tallent, Teague, Wainwright, Walend, Warwick, and G. Wilson.

Referred to: Finance.

April 23, 1999

A BILL TO BE ENTITLED

AN ACT TO PROVIDE EQUAL INCOME TAX TREATMENT OF GOVERNMENT RETIREES' PENSIONS AND TO EXEMPT MORE PRIVATE PENSIONS FROM INCOME TAX.

The General Assembly of North Carolina enacts:

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

"(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 e.~~

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.~~

e. ~~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

1 of ~~two thousand dollars (\$2,000)~~ three thousand dollars (\$3,000) in any
2 taxable year.

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

8 Section 2. G.S. 105-134.6(b) is amended by adding two new subdivisions to
9 read:

10 "(6a) The amount received during the taxable year under North Carolina
11 State and local government retirement plans and under federal
12 government retirement plans.

13 (6b) The greater of the following:

14 a. The amount received during the taxable year under a State and
15 local government retirement plan of a state other than North
16 Carolina, to the extent that other state would not subject to
17 individual income tax the equivalent amount received under a
18 North Carolina State or local government retirement plan.

19 b. Up to four thousand dollars (\$4,000) received during the taxable
20 year under a state or local government retirement plan of a state
21 other than North Carolina."

22 Section 3. G.S. 105-134.1(13) reads as rewritten:

23 "(13) ~~Retirement benefits.—Amounts paid to a former employee or the~~
24 ~~beneficiary of a former employee under a plan. — A written retirement~~
25 ~~plan established by the an employer to provide payments to an~~
26 ~~employee or the beneficiary of an employee after the end of the~~
27 ~~employee's employment with the employer where if the right to~~
28 ~~receive the payments is based upon the employment relationship.~~
29 ~~With respect to a self-employed individual or the beneficiary of a~~
30 ~~self-employed individual, the term means amounts paid to the~~
31 ~~individual or beneficiary of the individual under a written retirement~~
32 ~~plan established by the individual to provide payments to the~~
33 ~~individual or the beneficiary of the individual after the end of the~~
34 ~~self-employment. In addition, the term includes amounts received~~
35 ~~from an individual retirement account described in section 408 of the~~
36 ~~Code or from an individual retirement annuity described in section 408 of~~
37 an individual retirement plan as defined in the Code and any plan
38 treated as an individual retirement plan under the Code. For the
39 purpose of this subdivision, the term 'employee' includes a volunteer
40 worker."

41 Section 4. This act is effective for taxable years beginning on or after January
42 1, 2001.