

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

H.B. 42  
Feb 3, 2015  
HOUSE PRINCIPAL CLERK

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HOUSE DRH40027-RBxz-4B\* (11/20)

Short Title: Rollovers into Qualifying Bailey Plans. (Public)

Sponsors: Representatives Howard, Brawley, Lewis, and Setzer (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO LIMIT THE TAX EXEMPTION FOR RETIREMENT PLAN DISTRIBUTIONS  
3 ROLLED OVER INTO A QUALIFYING TAX-EXEMPT BAILEY RETIREMENT TO  
4 ROLLOVER DISTRIBUTIONS FROM ANOTHER QUALIFYING TAX-EXEMPT  
5 BAILEY RETIREMENT ACCOUNT, AS RECOMMENDED BY THE REVENUE  
6 LAWS STUDY COMMITTEE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** G.S. 105-153.5(b)(5) reads as rewritten:

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

12 ...  
13 (5) The amount received during the taxable year from one or more State, local,  
14 or federal government retirement plans to the extent the amount is exempt  
15 from tax under this Part pursuant to a court order in settlement of one or  
16 more of the cases listed in this subdivision. The deduction provided by this  
17 subdivision does not apply to distributions from a retirement plan exempt  
18 from tax under this subdivision to the extent attributable to a rollover from a  
19 retirement account that is not exempt under this subdivision. The portion of  
20 a distribution that is attributable to a rollover from a retirement account that  
21 is not exempt under this subdivision is taxable in accordance with the  
22 methodology used by Superior Court Judge Jack A. Thompson in his Order  
23 Regarding the Optional Retirement Program for State Institutions for Higher  
24 Education, signed on November 19, 1999. This subdivision applies to a court  
25 order in settlement of any of the following cases:

26 a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS  
27 8230.

28 b. Emory v. State, 98 CVS 0738.

29 c. Patton v. State, 95 CVS 04346."

30 **SECTION 2.** This act is effective for taxable years beginning on or after January 1,  
31 2016.



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