

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2015

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HOUSE BILL 42*

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

Sponsors: Representatives Howard, Brawley, Lewis, and Setzer (Primary Sponsors).
For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Finance.

February 4, 2015

A BILL TO BE ENTITLED

AN ACT TO LIMIT THE TAX EXEMPTION FOR RETIREMENT PLAN DISTRIBUTIONS
ROLLED OVER INTO A QUALIFYING TAX-EXEMPT BAILEY RETIREMENT TO
ROLLOVER DISTRIBUTIONS FROM ANOTHER QUALIFYING TAX-EXEMPT
BAILEY RETIREMENT ACCOUNT, AS RECOMMENDED BY THE REVENUE
LAWS STUDY COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-153.5(b)(5) 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:

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

- a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS
8230.
b. Emory v. State, 98 CVS 0738.
c. Patton v. State, 95 CVS 04346."

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

