

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 54

Short Title: Protect the Hardworking Taxpayers Act. (Public)

Sponsors: Representatives Hastings, Saine, Howard, and Setzer (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Finance

February 8, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO REMOVE THE LIMITATION ON THE INCOME TAX DEDUCTION FOR
3 MORTGAGE EXPENSE AND PROPERTY TAX.

4 The General Assembly of North Carolina enacts:

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

6 "(a) Deduction Amount. – In calculating North Carolina taxable income, a taxpayer may
7 deduct from adjusted gross income either the standard deduction amount provided in subdivision
8 (1) of this subsection or the itemized deduction amount provided in subdivision (2) of this
9 subsection that the taxpayer claimed under the Code. The deduction amounts are as follows:

10 ...

11 (2) Itemized deduction amount. – An amount equal to the sum of the items listed in
12 this subdivision. The amounts allowed under this subdivision are not subject to
13 the overall limitation on itemized deductions under section 68 of the Code:

14 ...

15 b. Mortgage Expense and Property Tax. – The amount allowed as a
16 deduction for interest paid or accrued during the taxable year under
17 section 163(h) of the Code with respect to any qualified residence plus
18 the amount allowed as a deduction for property taxes paid or accrued on
19 real estate under section 164 of the Code for that taxable year. For
20 taxable years 2014, 2015, and 2016, the amount allowed as a deduction
21 for interest paid or accrued during the taxable year under section 163(h)
22 of the Code with respect to any qualified residence shall not include the
23 amount for mortgage insurance premiums treated as qualified residence
24 interest. ~~The amount allowed under this sub-subdivision may not exceed~~
25 ~~twenty thousand dollars (\$20,000). For spouses filing as married filing~~
26 ~~separately or married filing jointly, the total mortgage interest and real~~
27 ~~estate taxes claimed by both spouses combined may not exceed twenty~~
28 ~~thousand dollars (\$20,000). For spouses filing as married filing~~
29 ~~separately with a joint obligation for mortgage interest and real estate~~
30 ~~taxes, the deduction for these items is allowable to the spouse who~~
31 ~~actually paid them. If the amount of the mortgage interest and real estate~~
32 ~~taxes paid by both spouses exceeds twenty thousand dollars (\$20,000),~~
33 ~~these deductions must be prorated based on the percentage paid by each~~
34 ~~spouse. For joint obligations paid from joint accounts, the proration is~~
35 ~~based on the income reported by each spouse for that taxable year.~~



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SECTION 2. This act is effective for taxable years beginning on or after January 1, 2017.