

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL DRS45118-MC-3 (12/01)

Short Title: Military State Income Tax Relief. (Public)

Sponsors: Senators Rabin, Sanderson, and Britt (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE INCOME TAX RELIEF FOR MEMBERS OF THE ARMED FORCES
3 OF THE UNITED STATES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-153.4(a) reads as rewritten:

6 "(a) Residents. – For an individual who is a resident of this State, the term "North Carolina
7 taxable income" means the taxpayer's adjusted gross income as modified in G.S. 105-153.5 and
8 G.S. 105-153.6 and G.S. 105-134.6A. North Carolina taxable income does not include the military
9 pay of an active service member of any branch of the Armed Forces of the United States for any
10 period of time the service member is not present in this State if the service member is a North
11 Carolina resident and the service member is not present in this State solely in compliance with
12 military orders reassigning the service member to a permanent duty station located outside of the
13 State."

14 **SECTION 2.** G.S. 105-153.5(b) reads as rewritten:

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

18 ...
19 (5) The amount received during the taxable year from one or more State, local, or
20 federal government retirement plans to the extent the amount is exempt from
21 tax under this Part pursuant to a court order in settlement of any of the
22 ~~following cases:~~ cases listed in this subdivision. Amounts deducted under this
23 subdivision may not also be deducted under subdivision (5a) of this subsection.

24 a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS
25 8230.

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

27 c. Patton v. State, 95 CVS 04346.

28 (5a) The amount received during the taxable year from the United States
29 government as retirement pay for a retired member of the Armed Forces of the
30 United States or as survivorship benefits for survivors of active duty or retired
31 members of the Armed Forces of the United States. Amounts deducted under
32 this subdivision may not also be deducted under subdivision (5) of this
33 subsection.

34"

35 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
36 2017.



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