

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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SENATE BILL 12

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

Sponsors: Senator Clark (Primary Sponsor).

Referred to: Rules and Operations of the Senate

January 28, 2021

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

4 The General Assembly of North Carolina enacts:

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

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

9 ...

10 (5) The amount received during the taxable year from one or more State, local, or
11 federal government retirement plans to the extent the amount is exempt from
12 tax under this Part pursuant to a court order in settlement of any of the
13 ~~following cases; cases listed in this subdivision.~~ Amounts deducted under this
14 subdivision may not also be deducted under subdivision (5a) of this
15 subsection.

16 a. Bailey v. State, 92 CVS 10221, 94 CVS 6904, 95 CVS 6625, 95 CVS
17 8230.

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

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

20 (5a) The amount received during the taxable year from the United States
21 government as retirement pay for a retired member of the Armed Forces of
22 the United States by a taxpayer who meets all of the conditions listed in this
23 subdivision. Amounts deducted under this subdivision may not also be
24 deducted under subdivision (5) of this subsection.

25 a. Establishes residency in North Carolina by December 31, 2023, or
26 within two years of the taxpayer's date of retirement from the Armed
27 Forces of the United States, whichever is later.

28 b. Continues to reside in North Carolina once residency is established.

29 c. Is at least 55 years of age on January 1 of the taxable year.

30 d. Served at least 20 years in the Armed Forces of the United States or
31 has a service-connected disability."

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

33 2022.

