

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1311
Committee Substitute Favorable 7/6/89

Short Title: Retirement Tax Changes.

(Public)

Sponsors:

Referred to:

April 12, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE PARTIAL INCOME TAX EXEMPTIONS FOR RETIREES
3 AND TO INCREASE STATE AND LOCAL RETIREMENT BENEFITS.

4 The General Assembly of North Carolina enacts:

5 PART I.
6 RETIREMENT TAX EXEMPTIONS.

7 Section 1.1. (a) Effective for taxable years beginning on or after January 1,
8 1989, G.S. 105-141(b)(8) reads as rewritten:

9 "~~(8) The amounts received in lump sum or monthly payment benefits from~~
10 ~~retirement or pension systems of other states by former teachers or State employees of~~
11 ~~such states: Provided, this exclusion shall apply only to individuals receiving benefits~~
12 ~~from states which grant similar exclusions or exemptions for individual income tax~~
13 ~~purposes to retired members of the North Carolina Retirement System for Teachers and~~
14 ~~State Employees or which levy no income tax on individuals. Amounts received during~~
15 the taxable year as retirement benefits from one or more State, local, or federal
16 government retirement plans, not to exceed a total of four thousand dollars (\$4,000) in
17 any taxable year."

18 (b) Effective for taxable years beginning on or after January 1, 1990, G.S. 105-
19 141(b)(8), as rewritten by subsection (a) of this section, reads as rewritten:

20 "~~(8) Amounts received during the taxable year as retirement benefits from one or~~
21 ~~more state, local, or federal government retirement plans, not to exceed a total of four~~
22 ~~thousand dollars (\$4,000) in any taxable year.~~ a. An amount, not to exceed four

1 thousand dollars (\$4,000), equal to the amount calculated in subparagraph b. of this
2 subdivision plus the amount calculated in subparagraph c. of this subdivision.

3 b. The amount calculated in this subparagraph is the amount received during the
4 taxable year as retirement benefits from one or more state, local, or federal government
5 retirement plans, not to exceed a total of four thousand dollars (\$4,000) in any taxable
6 year.

7 c. The amount calculated in this subparagraph is the amount received during the
8 taxable year as retirement benefits from one or more retirement plans, not to exceed the
9 following maximum amounts:

- 10 1. For taxable years beginning before January 1, 1991, one thousand
11 dollars (\$1,000).
- 12 2. For taxable years beginning on or after January 1, 1991, and before
13 January 1, 1992, two thousand dollars (\$2,000).
- 14 3. For taxable years beginning on or after January 1, 1992, and before
15 January 1, 1993, three thousand dollars (\$3,000).
- 16 4. For taxable years beginning on or after January 1, 1993, four thousand
17 dollars (\$4,000)."

18 (c) Effective for taxable years beginning on or after January 1, 1993, G.S. 105-
19 141(b)(8), as rewritten by subsections (a) and (b) of this section, reads as rewritten:

20 "~~(8) a. An amount, not to exceed four thousand dollars (\$4,000), equal to the~~
21 ~~amount calculated in subparagraph b of this subdivision plus the amount calculated in~~
22 ~~subparagraph c of this subdivision.~~

23 ~~b. The amount calculated in this subparagraph is the amount received during the~~
24 ~~taxable year as retirement benefits from one or more state, local, or federal government~~
25 ~~retirement plans, not to exceed a total of four thousand dollars (\$4,000) in any taxable~~
26 ~~year.~~

27 ~~c. The amount calculated in this subparagraph is the amount received during the~~
28 ~~taxable year as retirement benefits from one or more retirement plans, not to exceed the~~
29 ~~following maximum amounts:~~

- 30 ~~1. For taxable years beginning before January 1, 1991, one thousand~~
31 ~~dollars (\$1,000).~~
- 32 ~~2. For taxable years beginning on or after January 1, 1991, and before~~
33 ~~January 1, 1992, two thousand dollars (\$2,000).~~
- 34 ~~3. For taxable years beginning on or after January 1, 1992, and before~~
35 ~~January 1, 1993, three thousand dollars (\$3,000).~~
- 36 ~~4. For taxable years beginning on or after January 1, 1993, four thousand~~
37 ~~dollars (\$4,000).~~

38 Amounts received as retirement benefits during the taxable year from one or more
39 retirement plans, not to exceed a total of four thousand dollars (\$4,000) in any taxable
40 year."

41 Sec. 1.2. G.S. 105-135 is amended by adding a new subdivision to read:

42 "(13a) The term 'retirement benefits' means amounts paid to a former employee or
43 the beneficiary of a former employee under a written retirement plan established by the
44 employer to provide payments to an employee or the beneficiary of an employee after

1 the end of the employee's employment with the employer where the right to receive the
2 payments is based upon the employment relationship. With respect to a self-employed
3 individual or the beneficiary of a self-employed individual, the term means amounts
4 paid to the individual or beneficiary of the individual under a written retirement plan
5 established by the individual to provide payments to the individual or the beneficiary of
6 the individual after the end of the self-employment. For the purpose of this subdivision,
7 the term 'employee' includes a volunteer worker."

8 Sec. 1.3. G.S. 105-136 reads as rewritten:

9 **"§ 105-136. Individuals.**

10 A tax is hereby imposed upon every resident of this State which shall be levied,
11 collected, and paid annually, with respect to the net income of the taxpayer as herein
12 defined, and upon the net income derived from North Carolina sources of every
13 nonresident individual which is attributable to the ownership of any interest in real or
14 tangible personal property in this State or which is from a business, trade, profession, or
15 occupation carried on in this State, computed at the following rates, after deducting the
16 exemptions provided in this Division. For the purpose of this Division, retirement
17 benefits received as a result of past employment or self-employment in this State are
18 income derived from a business, trade, profession, or occupation carried on in this State.

19 On the excess over the amount legally exempted, up to two thousand dollars
20 (\$2,000), three percent (3%).

21 On the excess above two thousand dollars (\$2,000), and up to four thousand dollars
22 (\$4,000), four percent (4%).

23 On the excess above four thousand dollars (\$4,000), and up to six thousand dollars
24 (\$6,000), five percent (5%).

25 On the excess over six thousand dollars (\$6,000), and up to ten thousand dollars
26 (\$10,000), six percent (6%).

27 On the excess over ten thousand dollars (\$10,000), seven percent (7%)."

28 Sec. 1.4. G.S. 105-161(b) reads as rewritten:

29 "(b) Computation and Payment. – The net taxable income of an estate or a trust
30 shall be determined in the same manner as provided in Division II of this Article for an
31 individual except as otherwise provided in this section. The tax shall be at the same
32 rates as provided in G.S. 105-136 for individuals and shall be computed on that portion
33 of undistributed net income of an estate or trust which is for the benefit of a resident of
34 this State, or for the benefit of a nonresident to the extent that such income is derived
35 from an established business or from an investment in tangible property located in this
36 State. For the purpose of this Division, retirement benefits received as a result of past
37 employment or self-employment in this State are income derived from an established
38 business located in this State. The tax so computed shall be paid by the fiduciary
39 responsible for administering the estate or trust."

40 **PART II.**

41 **REPEAL EXISTING EXEMPTIONS.**

42 Sec. 2.1. G.S. 105-141(b)(13), (14), (18), and (30) are repealed.

43 Sec. 2.2. G.S. 118-49 reads as rewritten:

44 **"§ 118-49. Exemptions of pensions from attachment; rights nonassignable.**

1 Except for the applications of the provisions of G.S. 110-136, and in connection with
2 a court-ordered equitable distribution under G.S. 50-20, the pensions provided are not
3 subject to attachment, garnishments or judgments against the fireman or rescue squad
4 worker entitled to them, nor are any rights in the fund or the pensions or benefits
5 assignable nor are the pensions subject to any State or municipal tax. assignable.”

6 Sec. 2.3. G.S. 120-4.29 reads as rewritten:

7 **"§ 120-4.29. Exemption from taxes, garnishment, attachment.**

8 Except for the applications of the provisions of G. S. 110-136, and in connection
9 with a court-ordered equitable distribution under G.S. 50-20, the right of a person to a
10 pension, annuity, or retirement allowance, to the return of contributions, or to the receipt
11 of the pension, annuity or retirement allowance itself, any optional benefit or any other
12 right accrued or accruing to any person under the provisions of this Article, and the
13 moneys in the various funds created by this Article, ~~are exempt from any State or~~
14 ~~municipal tax, and are~~ exempt from levy and sale, garnishment, attachment, or any other
15 process whatsoever, and shall be unassignable except as this Article specifically
16 provides. Notwithstanding any provisions to the contrary, any overpayment of benefits
17 to a member in a State-administered retirement system or Disability Salary Continuation
18 Plan may be offset against any retirement allowance, return of contributions or any
19 other right accruing under this Chapter to the same person, the person's estate, or
20 designated beneficiary.”

21 Sec. 2.4. G.S. 127A-40(e) is repealed.

22 Sec. 2.5. G.S. 128-31 reads as rewritten:

23 **"§ 128-31. Exemptions from execution.**

24 Except for the applications of the provisions of G.S. 110-136, and in connection with
25 a court-ordered equitable distribution under G.S. 50-20, the right of a person to a
26 pension, an annuity, or a retirement allowance, to the return of contributions, the
27 pension, annuity or retirement allowance itself, any optional benefit or any other right
28 accrued or accruing to any person under the provisions of this Article, and the moneys
29 in the various funds created by this Article, ~~are hereby exempt from any state or municipal~~
30 ~~tax, and are~~ exempt from levy and sale, garnishment, attachment, or any other process
31 whatsoever, and shall be unassignable except as in this Article specifically otherwise
32 provided. Notwithstanding any provisions to the contrary, any overpayment of benefits
33 to a member in a State-administered retirement system or Disability Salary Continuation
34 Plan may be offset against any retirement allowance, return of contributions or any
35 other right accruing under this Chapter to the same person, the person's estate, or
36 designated beneficiary.”

37 Sec. 2.6. G.S. 135-9 reads as rewritten:

38 **"§ 135-9. Exemption from taxes, garnishment, attachment, etc.**

39 Except for the applications of the provisions of G.S. 110-136, and in connection with
40 a court-ordered equitable distribution under G.S. 50-20, the right of a person to a
41 pension, or annuity, or a retirement allowance, to the return of contributions, the
42 pension, annuity or retirement allowance itself, any optional benefit or any other right
43 accrued or accruing to any person under the provisions of this Chapter, and the moneys
44 in the various funds created by this Chapter, ~~are hereby exempt from any State or municipal~~

1 ~~tax, and are~~ exempt from levy and sale, garnishment, attachment, or any other process
2 whatsoever, and shall be unassignable except as in this Chapter specifically otherwise
3 provided. Notwithstanding any provisions to the contrary, any overpayment of benefits
4 to a member in a State-administered retirement system or the former Disability Salary
5 Continuation Plan or the Disability Income Plan of North Carolina may be offset against
6 any retirement allowance, return of contributions or any other right accruing under this
7 Chapter to the same person, the person's estate, or designated beneficiary."

8 Sec. 2.7. G.S. 135-95 reads as rewritten:

9 **"§ 135-95. Exemption from ~~taxes, garnishment, attachment.~~**

10 Except for the applications of the provisions of G.S. 110-136, and in connection with
11 a court-ordered equitable distribution under G.S. 50-20, the right of a member in the
12 Supplemental Retirement Income Plan to the benefits provided under this Article is
13 nonforfeitable and exempt from levy, sale, ~~garnishment, and the benefits payable under this~~
14 ~~Article are hereby exempt from any State and local government taxes. and garnishment.~~"

15 Sec. 2.8. G.S. 143-166.30(g) reads as rewritten:

16 "(g) Exemption from ~~Taxes, Garnishment and Attachment.~~ – The right of a
17 participant in the Supplemental Retirement Income Plan to the benefits provided under
18 this Article is nonforfeitable and exempt from levy, sale, ~~garnishment, and the benefits~~
19 ~~payable under this Article are hereby exempt from any State and local government taxes. and~~
20 ~~garnishment.~~"

21 Sec. 2.9. G.S. 143-166.60(h) reads as rewritten:

22 "(h) Exemption from ~~Taxes, Garnishment and Attachment.~~ – The right of a
23 participant in the Separate Insurance Benefits Plan to the benefits provided under this
24 Article is nonforfeitable and exempt from levy, sale, and ~~garnishment, and the benefits~~
25 ~~payable under this Article are exempt from any State and local government taxes.~~
26 ~~garnishment.~~"

27 Sec. 2.10. G.S. 143-166.85(e) is repealed.

28 Sec. 2.11. G.S. 147-9.4 reads as rewritten:

29 **"§ 147-9.4. Deferred Compensation Plan.**

30 Notwithstanding the provisions of G.S. 147-62, and notwithstanding any provision
31 of law relating to salaries or salary schedules of State employees, the chief executive
32 officer of an employer, on behalf of the employer, may from time to time enter into a
33 contract with an employee under which the employee irrevocably elects to defer receipt
34 of a portion of his scheduled salary in the future, but only if, as a result of such contract,
35 the income so deferred is deferred pursuant to the Plan provided for in G.S. 143B-
36 426.24 or pursuant to some other plan established before 1 January 1983, and is not
37 constructively received by the employee in the year in which it was earned, for State
38 and federal income tax purposes. In addition, the income so deferred shall be invested
39 in the manner provided in the applicable Plan; however, the employee may revoke his
40 election to participate and may amend the amount of compensation to be deferred by
41 signing and filing with the Board a written revocation or amendment on a form and in
42 the manner approved by the Board. Any such revocation or amendment shall be
43 effective prospectively only and shall cause no change in the allocation of amounts
44 invested prior to the filing date of such revocation or amendment.

1 An employee who has agreed to the deferral of income pursuant to the Plan shall
2 have the right to receive the income so deferred only in accordance with the provisions
3 of the Plan. Funds so deferred shall not be in lieu of any amount earned by the employee
4 before his election to defer compensation became effective. The agreement to defer
5 income referred to herein shall be effective under such necessary regulations and
6 procedures as are adopted by the Board, and on forms prepared or approved by it.
7 Notwithstanding any other provisions of law, the amount by which the salary of an
8 employee is deferred pursuant to the Plan shall not be excluded, but shall be included, in
9 computing and making payroll deductions for social security and retirement system
10 purposes, if any, and in computing and providing matching funds for retirement system
11 purposes, if any.

12 Except for the applications of the provisions of G.S. 110-136, and in connection with
13 a court-ordered equitable distribution under G.S. 50-20, the right of an employee, who
14 elects to defer income pursuant to the North Carolina Public Employee Deferred
15 Compensation Plan under G.S. 143B-426.24, to benefits that have vested under the
16 Plan, is nonforfeitable. These benefits are exempt from levy, sale, and garnishment,
17 except as provided by this section, and exempt from all State and local taxation. section.”

18 Sec. 2.12. G.S. 161-50.5(e) is repealed.

19 Sec. 2.13. Chapter 1307 of the 1979 Session Laws and Chapter 1076 of the
20 1969 Session Laws are repealed.

21 PART III.

22 RETIREMENT BENEFITS AMENDMENTS.

23 Sec. 3.1. G.S. 135-5(b10) reads as rewritten:

24 "(b10) Service Retirement Allowance of Members Retiring on or after July 1,
25 ~~1988-1988, but before July 1, 1989.~~ – Upon retirement from service in accordance with
26 subsection (a) above, on or after July 1, 1988, but before July 1, 1989, a member shall
27 receive the following service retirement allowance:

28 (1) A member who is a law enforcement officer or an eligible former law
29 enforcement officer shall receive a service retirement allowance
30 computed as follows:

31 a. If the member's service retirement date occurs on or after his
32 55th birthday, and completion of five years of creditable service
33 as a law enforcement officer, or after the completion of 30 years
34 of creditable service, the allowance shall be equal to one and
35 sixty hundredths percent (1.60%) of his average final
36 compensation, multiplied by the number of years of his
37 creditable service.

38 b. This allowance shall also be governed by the provisions of G.S.
39 135-5(b9)(1)b.

40 (2) A member who is not a law enforcement officer or an eligible former
41 law enforcement officer shall receive a service retirement allowance
42 computed as follows:

43 a. If the member's service retirement date occurs on or after his
44 65th birthday upon the completion of five years of creditable

1 service or after the completion of 30 years of creditable service
2 or on or after his 60th birthday upon the completion of 25 years
3 of creditable service, such allowance shall be equal to one and
4 sixty hundredths percent (1.60%) of his average final
5 compensation, multiplied by the number of years of his
6 creditable service.

7 b. This allowance shall also be governed by the provisions of G.S.
8 135-5(b9)(2)b., c. and d."

9 Sec. 3.2. G.S. 135-5 is amended by adding a new subsection to read:

10 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,
11 1989. – Upon retirement from service in accordance with subsection (a) above, on or
12 after July 1, 1989, a member shall receive the following service retirement allowance:

13 (1) A member who is a law enforcement officer or an eligible former law
14 enforcement officer shall receive a service retirement allowance
15 computed as follows:

16 a. If the member's service retirement date occurs on or after his
17 55th birthday, and completion of five years of creditable service
18 as a law enforcement officer, or after the completion of 30 years
19 of creditable service, the allowance shall be equal to one and
20 sixty-three hundredths percent (1.63%) of his average final
21 compensation, multiplied by the number of years of his
22 creditable service.

23 b. This allowance shall also be governed by the provisions of G.S.
24 135-5(b9)(1)b.

25 (2) A member who is not a law enforcement officer or an eligible former
26 law enforcement officer shall receive a service retirement allowance
27 computed as follows:

28 a. If the member's service retirement date occurs on or after his
29 65th birthday upon the completion of five years of creditable
30 service or after the completion of 30 years of creditable service
31 or on or after his 60th birthday upon the completion of 25 years
32 of creditable service, the allowance shall be equal to one and
33 sixty-three hundredths percent (1.63%) of his average final
34 compensation, multiplied by the number of years of creditable
35 service.

36 b. This allowance shall also be governed by the provisions of G.S.
37 135-5(b9)(2)b. c. and d."

38 Sec. 3.3. G.S. 135-5 is amended by adding a new subsection to read:

39 "(pp) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1989.
40 From and after July 1, 1989, the retirement allowance to or on account of beneficiaries
41 on the retirement rolls as of June 1, 1989, shall be increased by one and nine-tenths
42 percent (1.9%) of the allowance payable on June 1, 1989. This allowance shall be
43 calculated on the basis of the allowance payable and in effect on June 30, 1989, so as

1 not to be compounded on any other increase payable under subsection (o) of this section
2 or otherwise granted by act of the 1989 Session of the General Assembly."

3 Sec. 3.4. G.S. 128-27(b10) reads as rewritten:

4 "(b10) Service Retirement Allowance of Members Retiring on or after July 1,
5 ~~1988-1988, but before July 1, 1989.~~ – Upon retirement from service in accordance with
6 subsection (a) above, on or after July 1, 1988, but before July 1, 1989, a member shall
7 receive the following service retirement allowance:

8 (1) A member who is a law enforcement officer or an eligible former law
9 enforcement officer shall receive a service retirement allowance
10 computed as follows:

11 a. If the member's service retirement date occurs on or after his
12 55th birthday, and completion of five years of creditable service
13 as a law enforcement officer, or after the completion of 30 years
14 of creditable service, the allowance shall be equal to one and
15 sixty hundredths percent (1.60%) of his average final
16 compensation, multiplied by the number of years of his
17 creditable service.

18 b. Such allowance shall also be governed by the provisions of G.S.
19 128-27(b8)(2).

20 (2) A member who is not a law enforcement officer or an eligible former
21 law enforcement officer shall receive a service retirement allowance
22 computed as follows:

23 a. If the member's service retirement date occurs on or after his
24 65th birthday upon the completion of five years of creditable
25 service or after the completion of 30 years of creditable service,
26 or on or after his 60th birthday upon the completion of 25 years
27 of creditable service, such allowance shall be equal to one and
28 sixty-hundredths percent (1.60%) of his average final
29 compensation, multiplied by the number of years of his
30 creditable service.

31 b. Such allowance shall also be governed by the provisions of G.S.
32 128-27(b7)(2a), (2b) and (3)."

33 Sec. 3.5. G.S. 128-27 is amended by adding a new section to read:

34 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,
35 1989. – Upon retirement from service in accordance with subsection (a) above, on or
36 after July 1, 1989, a member shall receive the following service retirement allowance:

37 (1) A member who is a law enforcement officer or an eligible former law
38 enforcement officer shall receive a service retirement allowance
39 computed as follows:

40 a. If the member's service retirement date occurs on or after his
41 55th birthday, and completion of five years of creditable service
42 as a law enforcement officer, or after the completion of 30 years
43 of creditable service, the allowance shall be equal to one and
44 sixty-three hundredths percent (1.63%) of his average final

1 compensation, multiplied by the number of years of his
2 creditable service.

3 b. This allowance shall also be governed by the provisions of G.S.
4 128-27(b8)(2).

5 (2) A member who is not a law enforcement officer or an eligible former
6 law enforcement officer shall receive a service retirement allowance
7 computed as follows:

8 a. If the member's service retirement date occurs on or after his
9 65th birthday upon the completion of five years of creditable
10 service or after the completion of 30 years of creditable service
11 or on or after his 60th birthday upon the completion of 25 years
12 of creditable service, the allowance shall be equal to one and
13 sixty-three hundredths percent (1.63%) of his average final
14 compensation, multiplied by the number of years of creditable
15 service.

16 b. This allowance shall also be governed by the provisions of G.S.
17 128-27(b7)(2a) and (3)."

18 Sec. 3.6. G.S. 128-27 is amended by adding a new subsection to read:

19 "(ff) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1989.
20 From and after July 1, 1989, the retirement allowance to or on account of beneficiaries
21 on the retirement rolls as of June 1, 1989, shall be increased by one and nine-tenths
22 percent (1.9%) of the allowance payable on June 1, 1989. This allowance shall be
23 calculated on the basis of the allowance payable and in effect on June 30, 1989, so as
24 not to be compounded on any other increase payable under subsection (k) of this section
25 or otherwise granted by act of the 1989 Session of the General Assembly."

26 Sec. 3.7. (a) There is appropriated from the General Fund to a Reserve for
27 Employee Retirement Benefits in Lieu of Tax Exemptions the sum of eight million
28 dollars (\$8,000,000) for the 1989-90 fiscal year and the sum of eight million four
29 hundred thousand dollars (\$8,400,000) for the 1990-91 fiscal year to fund the
30 employer's normal cost of twenty-one hundredths percent (0.21%) of payroll for
31 implementing the provisions of this act as they apply to the Teachers' and State
32 Employees' Retirement System.

33 (b) There is appropriated from the Highway Fund to a Reserve for Employee
34 Retirement Benefits in Lieu of Tax Exemptions the sum of seven hundred thousand
35 dollars (\$700,000) for the 1989-90 fiscal year and the sum of seven hundred ten
36 thousand dollars (\$710,000) for the 1990-91 fiscal year to fund the employer's normal
37 cost of twenty-one hundredths percent (0.21%) of payroll for implementing the
38 provisions of this act as they apply to the Teachers' and State Employees' Retirement
39 System.

40 (c) All other costs to the Teachers' and State Employees' Retirement System and
41 to the Local Governmental Employees' Retirement System for the provisions of this act
42 shall be funded from unencumbered actuarial gains in the Systems as of December 31,
43 1987, by adjusting employer contribution rates for normal and applicable accrued
44 liability costs so that the total employer contribution rate does not increase, except as

1 previously provided by this section, and so that there is not an increase in the scheduled
2 amortization periods for liquidation of unfunded liabilities in the Systems.

3 Sec. 3.8. There is appropriated from the General Fund to a Reserve for State
4 and Local Government Employee Retirement Benefits the sum of \$17,000,000 for the
5 1990-91 fiscal year to be used to supplement any unencumbered actuarial gains in the
6 Teachers' and State Employees' Retirement System and the Local Governmental
7 Employees' Retirement System as of the December 31, 1988, actuarial valuations of the
8 Systems for increasing the Systems' benefit accrual rates for both active and retired
9 members of the Systems. There is appropriated from the Highway Fund to a Reserve
10 for State and Local Government Employee Retirement Benefits the sum of \$1,500,000
11 for the 1990-91 fiscal year for the same purpose and under the same conditions as the
12 appropriations made from the General Fund under this section.

13 Sec. 3.9. Section 3.8 of this act shall become effective July 1, 1990; the
14 remainder of Part III of this act shall become effective July 1, 1989. Except as
15 otherwise provided in this act, the remainder of this act is effective for taxable years
16 beginning on or after January 1, 1989.