

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

1

HOUSE BILL 2156

Short Title: Mortgage Interest Deduction.

(Public)

Sponsors: Representatives Easterling; Barnhill, Blue, Colton, Foster, Gardner, Holt, Kennedy, Lineberry, Lutz, and Perdue.

Referred to: Finance.

May 29, 1990

A BILL TO BE ENTITLED

AN ACT TO CORRECT AN ERROR THAT INADVERTENTLY DISALLOWED INCOME TAX DEDUCTION OF SOME MORTGAGE INTEREST PAYMENTS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-134.6(b) reads as rewritten:

"(b) Deductions. The following deductions from taxable income shall be made in calculating North Carolina taxable income, to the extent each item is included in gross income:

- (1) Interest upon the obligations of (i) the United States or its possessions, (ii) this State or a political subdivision of this State, or (iii) a nonprofit educational institution organized or chartered under the laws of this State.
- (2) Interest upon obligations and gain from the disposition of obligations to the extent the interest or gain is exempt from tax under the laws of this State.
- (3) Benefits received under Title II of the Social Security Act and amounts received from retirement annuities or pensions paid under the provisions of the Railroad Retirement Act of 1937.
- (4) Any amount not to exceed one thousand five hundred dollars (\$1,500) received by the taxpayer during the taxable year as compensation for the performance of duties as a member of the North Carolina organized militia, the national guard as defined in G.S. 127A-3.

- 1 (5) Refunds of State, local, and foreign income taxes included in the
2 taxpayer's gross income.
- 3 (6) a. An amount, not to exceed four thousand dollars (\$4,000), equal to
4 the sum of the amount calculated in subparagraph b. plus the amount
5 calculated in subparagraph c.
- 6 b. The amount calculated in this subparagraph is the amount
7 received during the taxable year from one or more state, local,
8 or federal government retirement plans.
- 9 c. The amount calculated in this subparagraph is the amount
10 received during the taxable year from one or more retirement
11 plans other than state, local, or federal government retirement
12 plans, not to exceed a total of two thousand dollars (\$2,000) in
13 any taxable year.
- 14 d. In the case of a married couple filing a joint return where both
15 spouses received retirement benefits during the taxable year, the
16 maximum dollar amounts provided in this subdivision for
17 various types of retirement benefits apply separately to each
18 spouse's benefits.
- 19 (7) The amount of inheritance tax attributable to an item of income in
20 respect of a decedent required to be included in gross income under the
21 Code, adjusted as provided in G.S. 105-134.5, 105-134.6, and 105-
22 134.7. The amount of inheritance tax attributable to an item of income
23 in respect of a decedent is (i) the amount by which the inheritance tax
24 paid under Article 1 of this Chapter on property transferred to a
25 beneficiary by a decedent exceeds the amount of inheritance tax that
26 would have been payable by the beneficiary if the item of income in
27 respect of a decedent had not been included in the property transferred
28 to the beneficiary by the decedent, (ii) multiplied by a fraction, the
29 numerator of which is the amount required to be included in gross
30 income for the taxable year under the Code, adjusted as provided in
31 G.S. 105-134.5, 105-134.6, and 105-134.7, and the denominator of
32 which is the total amount of income in respect of a decedent
33 transferred to the beneficiary by the decedent. For an estate or trust,
34 the deduction allowed by this subdivision shall be computed by
35 excluding from the gross income of the estate or trust the portion, if
36 any, of the items of income in respect of a decedent that are properly
37 paid, credited, or to be distributed to the beneficiaries during the
38 taxable year.
- 39 (8) The amount by which the taxpayer's mortgage interest deduction under
40 the Code was reduced pursuant to section 163(g) of the Code."
- 41 Sec. 2. This act is effective retroactively for taxable years beginning on or
42 after January 1, 1989.