



NCRGEA Government Relations Update

NCRGEA Government Relations Update #21-05 February 22, 2021

This past week the General Assembly passed SB 37, which requires public schools to have in-person learning for all students K-12 and forwarded it on to the Governor who has said it needs more work, but has yet to veto the legislation. The icy weather shortened the legislative week with House cancelling session and all legislative meetings on Thursday and had a no vote session on Friday. The Senate had a no vote session on Thursday and no committee meetings. The House returns on Tuesday and the Senate on Monday. The coming week will see the Appropriation subcommittees meeting to begin developing their budgets.

Bills Expanding the Bailey Act Vary

As we work to build legislative support for expanding the Bailey Act to all retirees more bills on the subject have been introduced. Currently, there are no less than five bills addressing the need to expand the Bailey Act.

[SB 4 – Equal Tax Treatment for Government Retirees](#) -sponsored by Senator Burgin. This bill expands the Bailey Act to include all military, federal, state and local retirees. Senator Burgin's bill has two revenue triggers for expanding the Bailey Act. The first trigger brings in the military retirees and the second trigger brings in all the other retirees.

[HB 52 – Equal Tax Treatment for Government Retirees](#) – sponsored by Representative Cleveland - This bill expands the Bailey Act to include all military, federal, state and local retirees. This bill brings in all non-Bailey vested retirees in at once beginning January 2022.

[HB 75- Government Retirees Tax Deduction](#) – sponsored by Representative Cleveland- - This bill expands the Bailey Act to include all military, federal and state retirees but limits the total income tax exemption to \$30,000. This bill provides a \$3,000 deduction for non-Bailey vested retirees in the first year and adds \$3,000 to their deduction for 10 years for a total of \$30,000 deduction. This is an effort by Representative Cleveland to reduce the revenue impact of Bailey and in the long run does not provide the same benefit current Bailey-vested retirees enjoy.

[HB 83 – Eliminate Military Income Tax for Military Retirees](#) – sponsored by Representative Szoka. This bill only addresses military retirees leaving out the federal, state and local retirees from being included in the expansion of the Bailey Act.

[SB 12 – Military Retiree State Income Tax Relief](#) – Sponsored by Senator Clark. This bill only addresses military retirees leaving out the federal, state and local retirees from being included in the expansion of the Bailey Act.

Given the Bailey case was based on inequitable treatment of government retirees; HB 83 and SB 12 may face legal challenges if passed. We are working to ensure that all retirees are have a tax-free pension income.

Later this week the legislature will introduce and pass another COVID bill to allocate the remaining \$1.8 billion in federal funds from the COVID legislation passed in December. The funds in this bill have already been earmarked for specific COVID-19 activities and local and state programs responding to the pandemic.

You can watch today's video update by clicking on this link. <https://youtu.be/eoO3IlyyCw>

Stay Tuned!!

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