



MOAA's Military State Report Card and Tax Guide

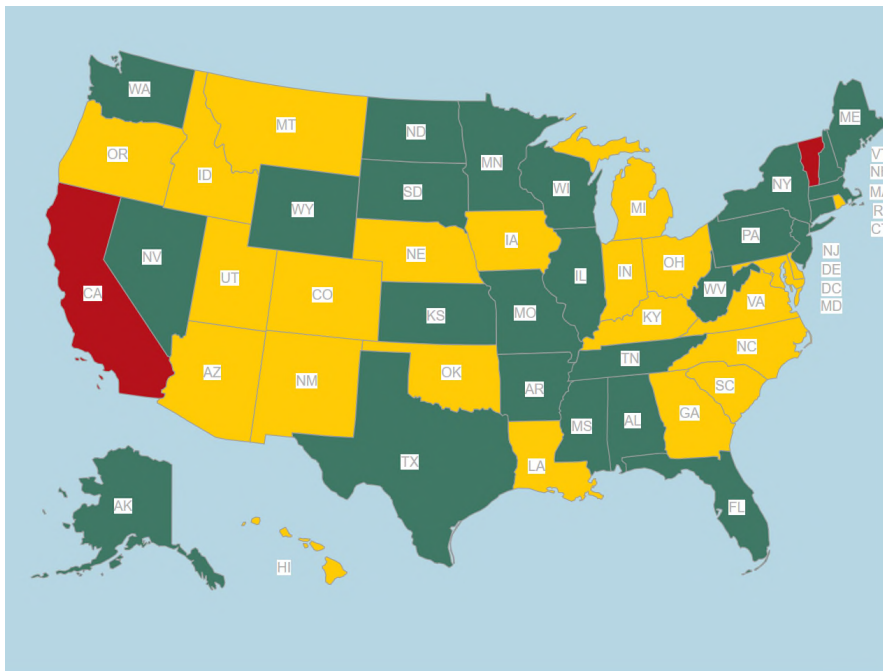
<https://www.moaa.org/content/state-report-card/statereportcard/>

State Tax Comparison Map for Military Retirement Pay and SBP

Map Legend

- Green: Both military retired pay (MRP) and Survivor Benefit Plan payments (SBP) are fully exempt from state taxation.
- Yellow: MRP and/or SBP receive partial exemption from state taxation.
- Red: Neither MRP nor SBP is exempt from state taxation

Source: MOAA Communications; current as of June 5, 2020





North Carolina

Sales Tax

- Statewide: 4.75%
- Counties can levy an additional sales tax of no more than 2.75%.
- Current average sales tax (with local taxes included): 6.92%
- Common Exceptions at State Level:
 - Prescription Medicine: Exempt
 - Unprepared Foods: Exempt at the state level, but most counties levy a tax of 2%
 - Prepared Foods: 9%
- Gasoline Tax: 54.75 cents/gallon (Includes all state, local and federal taxes)
- Diesel Fuel Tax: 60.75 cents/gallon (Includes all state, local and federal taxes)
- Cigarette Tax: 45 cents/pack of 20
- Some counties level an additional .5% transit tax. Motor vehicles are exempt from sales tax but pay a 3% highway use tax at time of purchase.

Personal Income Tax

- Personal Income Tax Rate Range: 5.25%
- Standard deduction: Single Filing Status: \$10,750. Married Filing Jointly: \$21,500
- Personal Exemption Allowance: None
- Itemized Deductions Allowed?: Yes, if itemized on federal return. Differ from federal itemized deductions and subject to limitations.
- Retirement Income
 - Social Security: Exempt
 - IRAs: Taxable at ordinary income tax rates*
 - 401Ks/Defined contribution employer retirement plans: Taxable at ordinary income tax rates
 - Private pensions: Taxable at ordinary income tax rates
 - Public Pensions: Taxable at ordinary income tax rates*
- Military Pay
 - Active Duty Pay: Taxable to the extent include in federal Adjusted Gross Income
 - Military Retirement Pay: Taxable at ordinary income tax rates (exemption of up to \$4,000 may apply)*
 - Military Disability Pay: Exempt
 - VA Disability Dependency & Indemnity Compensation Benefits: Taxable at ordinary income tax rates
 - SBP/SSBP/RCSBP/RSFPP: Taxable to the extent include in federal AGI



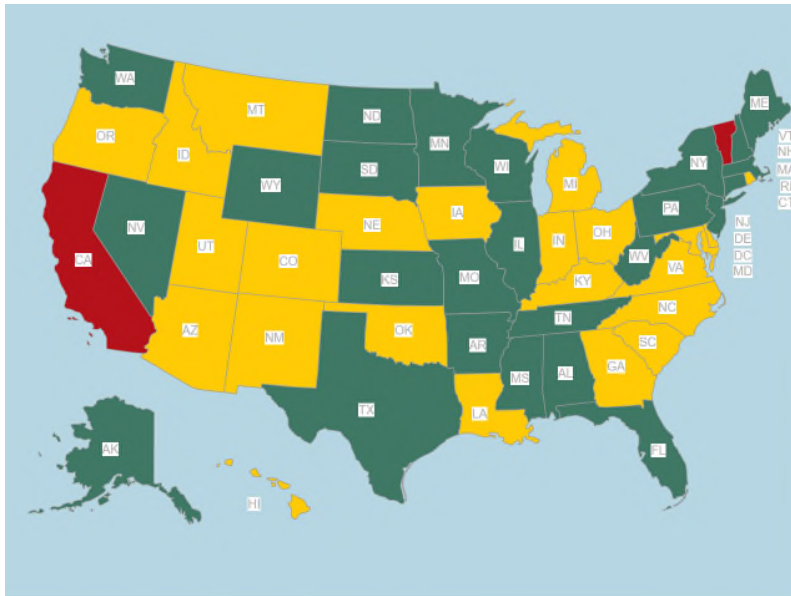
Income tax comments: *May be excluded from taxation if had five years active duty before Aug. 12, 1989. (Bailey settlement agreement)

Property Tax

- Local municipalities average .85% of the property's assessed value.
- Calculation of assessed value: 100% of fair market value; reappraised at least every eight years.
- Relief programs for:
 - Over 65 or Disabled: Excludes greater of first \$25,000 or 50% of appraised value. Income cannot exceed \$30,000.
 - Disabled or Surviving Spouse (if not remarried): Excludes up to \$45,000 of appraised value if 100% service-connected disability; no income requirements.
 - Circuit Break Property Tax Deferment: If 65 or disabled and low income, annual tax is limited to 4% or 5% of certain income, though taxes over limit are only deferred.
- Personal Property Tax: Yes. Rates and exemptions vary.

Inheritance & Estate Taxes: None

Department of Revenue website: www.dor.state.nc.us





North Carolina

Latest Status

Licensing Compacts: North Carolina went to a conference committee

Demographic Data

State residents include:

- 99,742 active-duty service members
- 42,401 active-duty spouses
- 72,380 active-duty children
- 43,898 National Guard and reserve members
- 19,437 National Guard and reserve spouses
- 25,713 National Guard and reserve children

Data source: DMDC, Dec. 31, 2019.

LEARN MORE

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State-Specific Progress on Key Issues and Sub-Issues

See the latest status on legislation and policies being advanced in this state on key issues important to military families. Find quick access to this state's regional liaison, along with demographic data for the military community in this state.

Looking for previous issues? [Visit the site search which contains issues and bills from previous years.](#)

- No action (**GRAY**)
- Bill introduced (**BLUE**)
- Issue advanced (**BLUE**)
- Policy passed (**GREEN**)

Key Issues 2020



Child Abuse and Neglect Identification and Reporting
(GREEN) Policy passed- SB 230, 8/23/2029 Final Legislation

Enhanced State Initiatives to Improve Military Spouse Licensure Portability.
(GRAY) No action

Allow Service Members to Retain Their Earned Priority for Receiving Medicaid Home and Community-Based Services Waivers
(GREEN) Policy passed-6/30/2016, Final Legislation

Virtual schools can provide a bridge for military children transitioning to a new school district where they don't have access to specific curricula.
(GRAY) No action



Temporary Waiver of Residence Requirement for School Enrollment
(GREEN) Policy passed-6/12/2018, Final Legislation

Evaluating State Actions to Support Improved Licensure Laws
(BLUE) Bill introduced

1/2 Sub-issues passed **HB 1053, 8/23/2019, Final Legislation**

Encourages states to engage all helping agencies to ask the question, "Have you or a family member ever served in the military?"

(GRAY) No action

Removing Certification Impediments for Military Spouse Teachers

(GREEN) Policy passed

3/3 Sub-issues passed **SB 219, 7/1/2019**

Interstate Compacts to Support License Portability

(BLUE) Bill introduced

2/5 Sub-issues passed

- **(GREEN)** Enhanced Nursing Licensure Compact, **7/20/2017**
- **(BLUE)** Psychology Interjurisdictional Compact
SB 361 House 8/12/2019, Senate 8/26/2019
- **(GREEN)** Physical Therapy Licensure Compact, **6/8/2017 Final Legislation**
- **(BLUE)** Audiology Speech Language Pathology Compact
HB 1053 House 6/10/2020, Senate 6/22/2020

Sustaining In-State Tuition Until Enrollment

(BLUE) Bill Introduced

- **HB 1047 House, 4/29/2020**
- **SB 706 Senate, 6/19/2020**