

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 2145  
Committee Substitute Without Prejudice 7/6/90  
Committee Substitute #2 Favorable 7/19/90

Short Title: No Exemptions/Adjust Retiree Formula.

(Public)

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Sponsors:

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Referred to:

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May 29, 1990

A BILL TO BE ENTITLED

1  
2 AN ACT TO REPEAL THE STATE INCOME TAX EXEMPTIONS FOR FEDERAL,  
3 STATE, LOCAL, AND PRIVATE RETIREMENT BENEFITS AND TO  
4 INCREASE THE RETIREMENT FORMULA FOR MEMBERS AND  
5 BENEFICIARIES OF THE TEACHERS' AND STATE EMPLOYEES'  
6 RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT  
7 SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL  
8 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

9 The General Assembly of North Carolina enacts:

10 Section 1. Effective for taxable years beginning on or after January 1, 1990,  
11 G.S. 105-134.6(b) reads as rewritten:

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

15 (1) Interest upon the obligations of (i) the United States or its possessions,  
16 (ii) this State or a political subdivision of this State, or (iii) a nonprofit  
17 educational institution organized or chartered under the laws of this  
18 State.

19 (2) Interest upon obligations and gain from the disposition of obligations  
20 to the extent the interest or gain is exempt from tax under the laws of  
21 this State.

- 1 (3) Benefits received under Title II of the Social Security Act and amounts  
2 received from retirement annuities or pensions paid under the  
3 provisions of the Railroad Retirement Act of 1937.
- 4 (4) Any amount not to exceed one thousand five hundred dollars (\$1,500)  
5 received by the taxpayer during the taxable year as compensation for  
6 the performance of duties as a member of the North Carolina  
7 organized militia, the national guard as defined in G.S. 127A-3.
- 8 (5) Refunds of State, local, and foreign income taxes included in the  
9 taxpayer's gross income.
- 10 (6) a. An amount, not to exceed ~~four~~two thousand dollars (~~\$4,000~~),  
11 (\$2,000), equal to the sum of the amount calculated in subparagraph b.  
12 plus the amount calculated in subparagraph c.
- 13 b. The amount calculated in this subparagraph is the amount  
14 received during the taxable year from one or more state, local,  
15 or federal government retirement plans.
- 16 c. The amount calculated in this subparagraph is the amount  
17 received during the taxable year from one or more retirement  
18 plans other than state, local, or federal government retirement  
19 plans, not to exceed a total of ~~two~~one thousand dollars (~~\$2,000~~)  
20 (\$1,000) in any taxable year.
- 21 d. In the case of a married couple filing a joint return where both  
22 spouses received retirement benefits during the taxable year, the  
23 maximum dollar amounts provided in this subdivision for  
24 various types of retirement benefits apply separately to each  
25 spouse's benefits.
- 26 (7) The amount of inheritance tax attributable to an item of income in  
27 respect of a decedent required to be included in gross income under the  
28 Code, adjusted as provided in G.S. 105-134.5, 105-134.6, and 105-  
29 134.7. The amount of inheritance tax attributable to an item of income  
30 in respect of a decedent is (i) the amount by which the inheritance tax  
31 paid under Article 1 of this Chapter on property transferred to a  
32 beneficiary by a decedent exceeds the amount of inheritance tax that  
33 would have been payable by the beneficiary if the item of income in  
34 respect of a decedent had not been included in the property transferred  
35 to the beneficiary by the decedent, (ii) multiplied by a fraction, the  
36 numerator of which is the amount required to be included in gross  
37 income for the taxable year under the Code, adjusted as provided in  
38 G.S. 105-134.5, 105-134.6, and 105-134.7, and the denominator of  
39 which is the total amount of income in respect of a decedent  
40 transferred to the beneficiary by the decedent. For an estate or trust,  
41 the deduction allowed by this subdivision shall be computed by  
42 excluding from the gross income of the estate or trust the portion, if  
43 any, of the items of income in respect of a decedent that are properly

1 paid, credited, or to be distributed to the beneficiaries during the  
2 taxable year.

3 The Secretary of Revenue may provide to a beneficiary of an item  
4 of income in respect of a decedent any information contained on an  
5 inheritance tax return that the beneficiary needs to compute the  
6 deduction allowed by this subdivision."

7 Sec. 2. Effective for taxable years beginning on or after January 1, 1991,  
8 G.S. 105-134.6(b)(6) is repealed.

9 ♦ Sec. 3. Effective for taxable years beginning on or after January 1, 1991,  
10 G.S. 105-134.1 reads as rewritten:

11 **"§ 105-134.1. Definitions.**

12 The following definitions apply in this Division:

- 13 (1) Code. The Internal Revenue Code as enacted as of January 1, 1989,  
14 including any provisions enacted as of that date which become  
15 effective either before or after that date, but not including sections  
16 63(c)(4) and 151(d)(3).
- 17 (2) Department. The Department of Revenue.
- 18 (3) Educational institution. An educational institution that normally  
19 maintains a regular faculty and curriculum and normally has a  
20 regularly organized body of students in attendance at the place where  
21 its educational activities are carried on.
- 22 (4) Fiscal year. Defined in section 441(e) of the Code.
- 23 (5) Gross income. Defined in section 61 of the Code.
- 24 (6) Head of household. Defined in section 2(b) of the Code.
- 25 (7) Individual. A natural person.
- 26 (8) Married individual. An individual who is married and is considered  
27 married as provided in section 7703 of the Code.
- 28 (9) Nonresident individual. An individual who is not a resident of this  
29 State.
- 30 (10) North Carolina taxable income. Defined in G.S. 105-134.5.
- 31 (11) Person. An individual, a fiduciary, a partnership, or a corporation.  
32 The term includes an officer or employee of a corporation or a member  
33 or employee of a partnership who, as officer, employee, or member, is  
34 under a duty to perform an act in meeting the requirements of this  
35 Division.
- 36 (12) Resident. An individual who is domiciled in this State at any time  
37 during the taxable year or who resides in this State during the taxable  
38 year for other than a temporary or transitory purpose. In the absence  
39 of convincing proof to the contrary, an individual who is present  
40 within the State for more than 183 days during the taxable year is  
41 presumed to be a resident, but the absence of an individual from the  
42 State for more than 183 days raises no presumption that the individual  
43 is not a resident. A resident who removes from the State during a  
44 taxable year is considered a resident until he has both established a

1 definite domicile elsewhere and abandoned any domicile in this State.  
2 The fact of marriage does not raise any presumption as to domicile or  
3 residence.

4 (13) ~~Retirement benefits. — Amounts paid to a former employee or the~~  
5 ~~beneficiary of a former employee under a written retirement plan~~  
6 ~~established by the employer to provide payments to an employee or the~~  
7 ~~beneficiary of an employee after the end of the employee's~~  
8 ~~employment with the employer where the right to receive the~~  
9 ~~payments is based upon the employment relationship. With respect to~~  
10 ~~a self-employed individual or the beneficiary of a self-employed~~  
11 ~~individual, the term means amounts paid to the individual or~~  
12 ~~beneficiary of the individual under a written retirement plan~~  
13 ~~established by the individual to provide payments to the individual or~~  
14 ~~the beneficiary of the individual after the end of the self-employment.~~  
15 ~~In addition, the term includes amounts received from an individual~~  
16 ~~retirement account described in section 408 of the Code or from an~~  
17 ~~individual retirement annuity described in section 408 of the Code.~~  
18 ~~For the purpose of this subdivision, the term 'employee' includes a~~  
19 ~~volunteer worker.~~

20 (14) S Corporation. Defined in G.S. 105-131(b).

21 (15) Secretary. The Secretary of Revenue.

22 (16) Taxable income. Defined in section 63 of the Code.

23 (17) Taxable year. Defined in section 441(b) of the Code.

24 (18) Taxpayer. An individual subject to the tax imposed by this Division.

25 (19) This State. The State of North Carolina."

26 Sec. 4. ♦G.S. 135-5(b11) reads as rewritten:

27 "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
28 ~~1989-1989, but before July 1, 1990.~~ — Upon retirement from service in accordance with  
29 subsection (a) above, on or after July 1, 1989, but before July 1, 1990, a member shall  
30 receive the following service retirement allowance:

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

34 a. If the member's service retirement date occurs on or after his  
35 55th birthday, and completion of five years of creditable service  
36 as a law enforcement officer, or after the completion of 30 years  
37 of creditable service, the allowance shall be equal to one and  
38 sixty-three hundredths percent (1.63%) of his average final  
39 compensation, multiplied by the number of years of his  
40 creditable service.

41 b. This allowance shall also be governed by the provisions of G.S.  
42 135-5(b9)(1)b.

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

4 a. If the member's service retirement date occurs on or after his  
5 65th birthday upon the completion of five years of creditable  
6 service or after the completion of 30 years of creditable service  
7 or on or after his 60th birthday upon the completion of 25 years  
8 of creditable service, the allowance shall be equal to one and  
9 sixty-three hundredths percent (1.63%) of his average final  
10 compensation, multiplied by the number of years of creditable  
11 service.

12 b. This allowance shall also be governed by the provisions of G.S.  
13 135-5(b9)(2)b. c. and d."

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

15 "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
16 1990. – Upon retirement from service in accordance with subsection (a) above, on or  
17 after July 1, 1990, a member shall receive the following service retirement allowance:

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

21 a. If the member's service retirement date occurs on or after his  
22 55th birthday, and completion of five years of creditable service  
23 as a law enforcement officer, or after the completion of 30 years  
24 of creditable service, the allowance shall be equal to one and  
25 seventy-two hundredths percent (1.72%) of his average final  
26 compensation, multiplied by the number of years of his  
27 creditable service.

28 b. This allowance shall also be governed by the provisions of G.S.  
29 135-5(b9)(1)b.

30 c. Limitations. – In no event shall the annual allowance payable to  
31 any member be greater than an amount which, when added to  
32 the allowance, if any, to which he is entitled under the  
33 Consolidated Judicial Retirement System, the Legislative  
34 Retirement System, or the North Carolina Local Governmental  
35 Employees' Retirement System (prior in any case to any  
36 reduction for early retirement or for an optional mode of  
37 payment) would total three-fourths of his final compensation.

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

41 a. If the member's service retirement date occurs on or after his  
42 65th birthday upon the completion of five years of creditable  
43 service or after the completion of 30 years of creditable service  
44 or on or after his 60th birthday upon the completion of 25 years

1 of creditable service, the allowance shall be equal to one and  
2 seventy-two hundredths percent (1.72%) of his average final  
3 compensation, multiplied by the number of years of creditable  
4 service.

5 b. This allowance shall also be governed by the provisions of G.S.  
6 135-5(b9)(2)b. c. and d.

7 c. Limitations. – In no event shall the annual allowance payable to  
8 any member be greater than an amount which, when added to  
9 the allowance, if any, to which he is entitled under the  
10 Consolidated Judicial Retirement System, the Legislative  
11 Retirement System, or the North Carolina Local Governmental  
12 Employees' Retirement System (prior in any case to any  
13 reduction for early retirement or for an optional mode of  
14 payment) would total three-fourths of his final compensation."

15 Sec. 6. G.S. 135-5 is amended by adding a new subsection to read:

16 "(rr) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
17 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
18 on the retirement rolls as of June 1, 1990, shall be increased by five and five-tenths  
19 percent (5.5%) of the allowance payable on June 1, 1990. This allowance shall be  
20 calculated on the basis of the allowance payable and in effect on June 30, 1990, so as  
21 not to be compounded on any other increase granted by act of the 1989 Session of the  
22 General Assembly (1990 Regular Session)."

23 Sec. 7. G.S. 135-58(a) reads as rewritten:

24 "(a) Any member who retires under the provisions of subsection (a) or subsection  
25 (c) of G.S. 135-57 before July 1, 1990, after he either has attained his sixty-fifth  
26 birthday or has completed 24 years or more of creditable service shall receive an annual  
27 retirement allowance, payable monthly, which shall commence on the effective date of  
28 his retirement and shall be continued on the first day of each month thereafter during his  
29 lifetime, the amount of which shall be computed as the sum of (1), (2) and (3)  
30 following, provided that in no event shall the annual allowance payable to any member  
31 be greater than an amount which, when added to the allowance, if any, to which he is  
32 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
33 Retirement System or the North Carolina Local Governmental Employees' Retirement  
34 System (prior in any case to any reduction for early retirement or for an optional mode  
35 of payment) would total three fourths of his final compensation:

36 (1) Four percent (4%) of his final compensation, multiplied by the  
37 number of years of his creditable service rendered as a justice of the  
38 Supreme Court or judge of the Court of Appeals;

39 (2) Three and one-half percent (3 1/2%) of his final compensation,  
40 multiplied by the number of years of his creditable service rendered as  
41 a judge of the superior court or as administrative officer of the courts;

42 (3) Three percent (3%) of his final compensation, multiplied by the  
43 number of years of his creditable service rendered as a judge of the  
44 district court, district attorney, or clerk of superior court."

1           Sec. 8. G.S. 135-58 is amended by adding a new subsection to read:

2           "(a1) Any member who retires under the provisions of subsection (a) or subsection  
3 (c) of G.S. 135-57 on or after July 1, 1990, after he either has attained his 65th birthday  
4 or has completed 24 years or more of creditable service shall receive an annual  
5 retirement allowance, payable monthly, which shall commence on the effective date of  
6 his retirement and shall be continued on the first day of each month thereafter during his  
7 lifetime, the amount of which shall be computed as the sum of (1), (2) and (3)  
8 following, provided that in no event shall the annual allowance payable to any member  
9 be greater than an amount which, when added to the allowance, if any, to which he is  
10 entitled under the Teachers' and State Employees' Retirement System, the Legislative  
11 Retirement System or the North Carolina Local Governmental Employees' Retirement  
12 System (prior in any case to any reduction for early retirement or for an optional mode  
13 of payment) would total three fourths of his final compensation:

14                   (1) Four and three-tenths percent (4.3%) of his final  
15 compensation, multiplied by the number of years of his creditable  
16 service rendered as a justice of the Supreme Court or judge of the  
17 Court of Appeals;

18                   (2) Three and eight-tenths percent (3.8%) of his final  
19 compensation, multiplied by the number of years of his creditable  
20 service rendered as a judge of the superior court or as administrative  
21 officer of the courts;

22                   (3) Three and two-tenths percent (3.2%) of his final  
23 compensation, multiplied by the number of years of his creditable  
24 service rendered as a judge of the district court, district attorney, or  
25 clerk of superior court."

26           Sec. 9. G.S. 135-65 is amended by adding a new subsection to read:

27           "(k) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
28 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
29 on the retirement rolls as of June 1, 1990, shall be increased by seven and forty-nine  
30 hundredths percent (7.49%) of the allowance payable on June 1, 1990. This allowance  
31 shall be calculated on the basis of the allowance payable and in effect on June 30, 1990,  
32 so as not to be compounded on any other increase granted by act of the 1989 Session of  
33 the General Assembly (1990 Regular Session)."

34           Sec. 10. G.S. 120-4.21 reads as rewritten:

35           "**§ 120-4.21. Service retirement benefits.**

36           (a) Eligibility; Application. – Any member in service may retire with full  
37 benefits who has reached 65 years of age with five years of creditable service. Any  
38 member in service may retire with reduced benefits who has reached the age of 60 years  
39 with five years of creditable service. The member shall make written application to the  
40 Board of Trustees to retire on a service retirement allowance on the first day of the  
41 particular calendar month he designates. The designated date shall be no less than one  
42 day nor more than 90 days from the filing of the application. During this period of  
43 notification, a member may separate from service without forfeiting his retirement  
44 benefits.

1 (b) Computation. – Upon retirement from service in accordance with subsection  
2 (a) of this section, ~~section before July 1, 1990,~~ a member shall receive a service  
3 retirement allowance computed as follows:

4 (1) For a member whose retirement date occurs on or after his 65th  
5 birthday and upon completion of five years of creditable service, four  
6 percent (4%) of his 'highest annual salary,' multiplied by the number  
7 of years of creditable service.

8 (2) For a member whose retirement date occurs on or after his 60th and  
9 before his 65th birthday and upon completion of five years of  
10 creditable service, computation as in subdivision (1) of this subsection,  
11 reduced by one-fourth of one percent (1/4 of 1%) for each month his  
12 retirement date precedes his 65th birthday.

13 (b1) Computation. – Upon retirement from service in accordance with subsection  
14 (a) of this section on or after July 1, 1990, a member shall receive a service retirement  
15 allowance computed as follows:

16 (1) For a member whose retirement date occurs on or after his  
17 65th birthday and upon completion of five years of creditable  
18 service, four and three-tenths percent (4.3%) of his 'highest annual  
19 salary,' multiplied by the number of years of creditable service.

20 (2) For a member whose retirement date occurs on or after his  
21 60th and before his 65th birthday and upon completion of five years  
22 of creditable service, computation as in subdivision (1) of this  
23 subsection, reduced by one-fourth of one percent (1/4 of 1%) for  
24 each month his retirement date precedes his 65th birthday.

25 (c) Limitations. – In no event shall any member receive a service retirement  
26 allowance greater than seventy-five percent (75%) of his 'highest annual salary' nor  
27 shall he receive any service retirement allowance whatever while employed in a position  
28 that makes him a contributing member of any of the following retirement systems: The  
29 Teachers' and State Employees' Retirement System, the North Carolina Local  
30 Governmental Employees' Retirement System, the Law-Enforcement Officers'  
31 Retirement System, the Uniform Judicial Retirement System of North Carolina, the  
32 Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of  
33 Court Retirement System of North Carolina. If he should become a member of any of  
34 these systems, payment of his service retirement allowance shall be suspended until he  
35 withdraws from membership in that system."

36 Sec. 11. G.S. 120-4.22A is amended by adding a new subsection to read:

37 "(f) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
38 From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
39 on the retirement rolls as of June 1, 1990, shall be increased by seven and forty-nine  
40 hundredths percent (7.49%) of the allowance payable on June 1, 1990. This allowance  
41 shall be calculated on the basis of the allowance payable and in effect on June 30, 1990,  
42 so as not to be compounded on any other increase granted by act of the 1989 Session of  
43 the General Assembly (1990 Regular Session)."

44 Sec. 12. G.S. 128-27(b11) reads as rewritten:



1       "(b11) Service Retirement Allowance of Members Retiring on or after July 1,  
2 ~~1989-1989, but before July 1, 1991.~~ – Upon retirement from service in accordance with  
3 subsection (a) above, on or after July 1, 1989, but before July 1, 1991, a member shall  
4 receive the following service retirement allowance:

5           (1) A member who is a law enforcement officer or an eligible former law  
6 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 55th birthday, and completion of five years of creditable service  
10 as a law enforcement officer, or after the completion of 30 years  
11 of creditable service, the allowance shall be equal to one and  
12 sixty-three hundredths percent (1.63%) of his average final  
13 compensation, multiplied by the number of years of his  
14 creditable service.

15           b. This allowance shall also be governed by the provisions of G.S.  
16 128-27(b8)(2).

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

20           a. If the member's service retirement date occurs on or after his  
21 65th birthday upon the completion of five years of creditable  
22 service or after the completion of 30 years of creditable service  
23 or on or after his 60th birthday upon the completion of 25 years  
24 of creditable service, the allowance shall be equal to one and  
25 sixty-three hundredths percent (1.63%) of his average final  
26 compensation, multiplied by the number of years of creditable  
27 service.

28           b. This allowance shall also be governed by the provisions of G.S.  
29 128-27(b7)(2a) and (3)."

30       Sec. 13. G.S. 128-27 is amended by adding a new subsection to read:

31       "(b12) Service Retirement Allowance of Members Retiring on or after July 1,  
32 1991. – Upon retirement from service in accordance with subsection (a) above, on or  
33 after July 1, 1991, a member shall receive the following service retirement allowance:

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

37           a. If the member's service retirement date occurs on or after his  
38 55th birthday, and completion of five years of creditable service  
39 as a law enforcement officer, or after the completion of 30 years  
40 of creditable service, the allowance shall be equal to one and  
41 seventy-two hundredths percent (1.72%) of his average final  
42 compensation, multiplied by the number of years of his  
43 creditable service.

- 1                   b.     This allowance shall also be governed by the provisions of G.S.  
2                   128-27(b8)(2).
- 3                   c.     Limitations. – In no event shall the annual allowance payable to  
4                   any member be greater than an amount which, when added to  
5                   the allowance, if any, to which he is entitled under the  
6                   Consolidated Judicial Retirement System, the Legislative  
7                   Retirement System, or the Teachers' and State Employees'  
8                   Retirement System (prior in any case to any reduction for early  
9                   retirement or for an optional mode of payment) would total  
10                  three-fourths of his final compensation.
- 11               (2)    A member who is not a law enforcement officer or an eligible former  
12                law enforcement officer shall receive a service retirement allowance  
13                computed as follows:
- 14                   a.     If the member's service retirement date occurs on or after his  
15                   65th birthday upon the completion of five years of creditable  
16                   service or after the completion of 30 years of creditable service  
17                   or on or after his 60th birthday upon the completion of 25 years  
18                   of creditable service, the allowance shall be equal to one and  
19                   seventy-two hundredths percent (1.72%) of his average final  
20                   compensation, multiplied by the number of years of creditable  
21                   service.
- 22                   b.     This allowance shall also be governed by the provisions of G.S.  
23                   128-27(b7)(2a) and (3).
- 24                   c.     Limitations. – In no event shall the annual allowance payable to  
25                   any member be greater than an amount which, when added to  
26                   the allowance, if any, to which he is entitled under the  
27                   Consolidated Judicial Retirement System, the Legislative  
28                   Retirement System, or the Teachers' and State Employees'  
29                   Retirement System (prior in any case to any reduction for early  
30                   retirement or for an optional mode of payment) would total  
31                   three-fourths of his final compensation."

32                Sec. 14. G.S. 128-27 is amended by adding a new subsection to read:

33                "(hh) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1990.  
34                From and after July 1, 1990, the retirement allowance to or on account of beneficiaries  
35                on the retirement rolls as of June 1, 1990, shall be increased by five and five-tenths  
36                percent (5.5%) of the allowance payable on June 1, 1990. This allowance shall be  
37                calculated on the basis of the allowance payable and in effect on June 30, 1990, so as  
38                not to be compounded on any other increase granted by act of the 1989 Session of the  
39                General Assembly (1990 Regular Session)."

40                Sec. 15. The State's contribution rate for the University Employees' Optional  
41                Retirement Program shall be increased effective August 1, 1990, from eight and twenty-  
42                seven hundredths percent (8.27%) to eight and seventy-one hundredths percent (8.71%).  
43                The foregoing contribution rate includes one and sixty-five hundredths percent (1.65%)

1 for hospital and medical benefits and fifty-two hundredths percent (0.52%) for the  
2 Disability Income Plan.

3           Sec. 16. Section 1 of this act shall become effective for taxable years  
4 beginning on or after January 1, 1990. Sections 2 and 3 of this act shall become  
5 effective for the taxable years beginning on or after January 1, 1991. Sections 12 and  
6 13 of this act shall become effective July 1, 1991. The remainder of this act shall  
7 become effective July 1, 1990.