103D CONGRESS
2D SESSION
H. R. 4694

To exclude from Federal income taxation amounts received in settlement
of refund claims for State or local income taxes on Federal retirement
benefits which were not subject to State or local income taxation on
the same basis as State or local retirement benefits.

IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Mrs. BYRNE (for herself, Mr. BOUCHER, Mr. MORAN, Mr. SCOTT, and Mr.
SISISKY) introduced the following bill; which was referred to the Commit-
tee on Ways and Means

A BILL

To exclude from Federal income taxation amounts received
in settlement of refund claims for State or local income
taxes on Federal retirement benefits which were not sub-
ject to State or local income taxation on the same basis
as State or local retirement benefits.

1   *Be it enacted by the Senate and House of Representa-*

2   *tives of the United States of America in Congress assembled,*

3   **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the ''Federal Retirees Fair-

5   ness Act''.

SEC. 2. EXCLUSION FOR REFUNDS OF STATE OR LOCAL IN-COME TAXES ATTRIBUTABLE TO THE IM-PROPER TAXATION OF FEDERAL RETIRE-MENT BENEFITS.

(a) GENERAL RULE.—For purposes of the Internal Revenue Code of 1986, gross income shall not include any amount (including interest) received after December 31, 1994, from a State in settlement of a claim for a refund of State income taxes paid to such State which are attributable to the taxation of any protected retirement benefit paid before January 1, 1990, in a manner inconsistent with the manner required under Davis v. Michigan Department of the Treasury, 489 U.S. 803 (1989).

(b) DEFINITIONS.—For purposes of subsection (a)—

    (1) PROTECTED RETIREMENT BENEFIT.—The term ''protected retirement benefit'' means any retirement benefit of an officer or employee referred to in section 111 of title 4, United States Code.

    (2) STATE.—The term ''State'' includes any political subdivision of a State and the District of Columbia.

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