H. R. 546

AN ACT

To limit State taxation of certain pension income, and for other purposes.

- 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. LIMITATION ON STATE INCOME TAXATION OF
- 4 **CERTAIN PENSION INCOME.**
- 5 (a) Amendment.—Chapter 4 of title 4, United
- 6 States Code, is amended by adding at the end the follow-
- 7 ing:

2 "§ 114. Limitation on State income taxation of certain 2 pension income 3 "(a) Except as provided in subsection (b), no State may impose an income tax on any qualified pension income of an individual who is not a resident or domiciliary 5 of such State (as determined under the laws of such State). 7 "(b)(1) Subsection (a) shall not apply to the extent 8 that the aggregate amount of qualified pension income of 10 an individual for any calendar year exceeds \$30,000. 11 There shall not be taken into account under the preceding sentence any amount which is exempt from State taxation 13 by reason of other Federal law. "(2) If more than 1 State would (but for this section) 14 impose an income tax on qualified pension income received 15 by an individual during a calendar year, the dollar amount otherwise applicable under paragraph (1) for such cal-17 endar year shall be allocated among such States in such 18 19 amounts as such individual may determine. 20 "(3) If more than 1 individual receives qualified pension income during a calendar year which is attributable 22 to services performed by 1 individual— "(A) all such individuals receiving such income 23

shall be treated as 1 individual, and

"(B) the dollar amount applicable under paragraph (1) shall be allocated among such individuals

1	in proportion to their respective shares of such in-
2	come received during such calendar year.
3	"(c) For purposes of this section—
4	"(1) The term 'qualified pension income' means
5	any income from—
6	"(A) a qualified trust under section 401(a)
7	of the Internal Revenue Code that is exempt
8	under section 501(a) from taxation;
9	"(B) a simplified employee pension as de-
10	fined in section 408(k) of such Code;
11	"(C) an annuity plan described in section
12	403(a) of such Code;
13	"(D) an annuity contract described in sec-
14	tion 403(b) of such Code;
15	"(E) an individual retirement plan de-
16	scribed in section 7701(a)(37) of such Code;
17	"(F) an eligible deferred compensation
18	plan (as defined in section 457 of such Code)
19	"(G) a governmental plan (as defined in
20	section 414(d) of such Code); or
21	"(H) a trust described in section
22	501(c)(18) of such Code.
23	Such term includes any retired or retainer pay of a
24	member or former member of a uniform service com-

- puted under chapter 71 of title 10, United States
- 2 Code.
- 3 "(2) The term 'income tax' has the meaning
- 4 given such term by section 110(c).
- 5 "(3) The term 'State' includes any political sub-
- 6 division of a State, the District of Columbia, and the
- 7 possessions of the United States.
- 8 "(d) In the case of any calendar year after 1995, the
- 9 dollar amount contained in subsection (b) shall be in-
- 10 creased by the amount determined by the Secretary of the
- 11 Treasury to be equal to such dollar amount, multiplied
- 12 by the cost-of-living adjustment determined under section
- 13 1(f)(3) of such Code by substituting 'calendar year 1994'
- 14 for 'calendar year 1992' in subparagraph (B) thereof. If
- 15 any increase determined under the preceding sentence is
- 16 not a multiple of \$1,000, such increase shall be rounded
- 17 to the nearest multiple of \$1,000. Not later than Decem-
- 18 ber 1 of each calendar year, the Secretary of the Treasury
- 19 shall publish in the Federal Register the amount deter-
- 20 mined under this subsection which is applicable to the fol-
- 21 lowing calendar year.
- 22 "(e) Nothing in this section shall be construed as hav-
- 23 ing any effect on the application of section 514 of the Em-
- 24 ployee Retirement Income Security Act of 1974."

- 1 (b) Conforming Amendment.—The table of sec-
- 2 tions for chapter 4 of title 4, United States Code, is
- 3 amended by adding at the end the following:
 - "114. Limitation on State income taxation of certain pension income.".
- 4 (c) Effective Date.—The amendments made by
- 5 this section shall apply to amounts received after Decem-
- 6 ber 31, 1994.

Passed the House of Representatives October 3, 1994.

Attest:

Clerk.

103D CONGRESS H. R. 546

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