

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 546

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IN THE SENATE OF THE UNITED STATES

OCTOBER 3 (legislative day, SEPTEMBER 12), 1994

Received

OCTOBER 8 (legislative day, SEPTEMBER 12), 1994

Read twice and referred to the Committee on Finance

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## 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:

1 **“§ 114. Limitation on State income taxation of certain**  
2 **pension income**

3 “(a) Except as provided in subsection (b), no State  
4 may impose an income tax on any qualified pension in-  
5 come of an individual who is not a resident or domiciliary  
6 of such State (as determined under the laws of such  
7 State).

8 “(b)(1) Subsection (a) shall not apply to the extent  
9 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  
12 sentence any amount which is exempt from State taxation  
13 by reason of other Federal law.

14 “(2) If more than 1 State would (but for this section)  
15 impose an income tax on qualified pension income received  
16 by an individual during a calendar year, the dollar amount  
17 otherwise applicable under paragraph (1) for such cal-  
18 endar year shall be allocated among such States in such  
19 amounts as such individual may determine.

20 “(3) If more than 1 individual receives qualified pen-  
21 sion income during a calendar year which is attributable  
22 to services performed by 1 individual—

23 “(A) all such individuals receiving such income  
24 shall be treated as 1 individual, and

25 “(B) the dollar amount applicable under para-  
26 graph (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-

1       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:           DONNALD K. ANDERSON,  
*Clerk.*