

**Union Calendar No. 424**

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

**H. R. 546**

[Report No. 103-776]

---

---

**A BILL**

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

---

---

OCTOBER 3, 1994

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

# Union Calendar No. 424

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

# H. R. 546

[Report No. 103-776]

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

---

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 1993

Mrs. UNSOELD (for herself, Mr. BILIRAKIS, Mr. DICKS, Mr. LAROCO, Mr. McDERMOTT, Mr. SWIFT, and Mr. WOLF) introduced the following bill; which was referred to the Committee on the Judiciary

OCTOBER 3, 1994

Additional sponsors: Mr. BEREUTER, Mr. CARDIN, Mr. KOPETSKI, Mr. LEHMAN, Mrs. LLOYD, Mrs. MEYERS of Kansas, Mr. SARPALIUS, Mr. SKEEN, Mrs. VUCANOVICH, Mr. WILSON, Mr. ANDREWS of New Jersey, Mr. DEFazio, Mrs. BENTLEY, Mr. CLEMENT, Mr. FROST, Mr. MARTINEZ, Mr. LIVINGSTON, Mr. HOCHBRUECKNER, Mr. HERGER, Mr. KREIDLER, Mr. HOBSON, Ms. NORTON, Mrs. THURMAN, Mr. GORDON, Mr. INSLEE, Mr. FILNER, Ms. CANTWELL, Mr. HUTCHINSON, Mr. CRAMER, Mr. STRICKLAND, Mr. HINCHEY, Mr. OWENS, Mr. BROWN of California, Mr. DOOLITTLE, Mrs. MEEK, Mr. TAUZIN, Mr. WYNN, Mr. HAMBURG, Mrs. MINK, Mr. BACCHUS of Florida, Mr. PETE GEREN of Texas, Ms. SHEPHERD, Mrs. FOWLER, Mr. JOHNSTON of Florida, Ms. LAMBERT, Mr. DARDEN, Mr. FRANK of Massachusetts, Ms. ROS-LEHTINEN, Mrs. MORELLA, Mr. RAVENEL, Mr. ANDREWS of Maine, Mr. LANTOS, Mr. BAESLER, Mr. UNDERWOOD, Mr. FAZIO, Mr. PETERSON of Minnesota, Mr. DELLUMS, Mr. BILBRAY, Mr. PARKER, Mr. TANNER, Mr. WILLIAMS, Mr. COLEMAN, Mr. EDWARDS of Texas, Mr. GENE GREEN of Texas, Mr. BAKER of Louisiana, Ms. FURSE, Mr. KINGSTON, Ms. MOLINARI, Mr. YATES, Mr. NEAL of North Carolina, Mr. TORRES, Mr. SANDERS, Mr. KANJORSKI, Mr. SWETT, Mr. HOLDEN, Mr. BARLOW, Mr. ABERCROMBIE, Mr. HOAGLAND, Mr. DUNCAN, Mr. ROSE, Mr. GEJDENSON, and Mr. PASTOR

OCTOBER 3, 1994

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on January 21, 1993]

---

## A BILL

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 States  
6 Code, is amended by adding at the end the following:

7 **“§ 114. Limitation on State income taxation of certain**  
8 **pension income**

9 *“(a) Except as provided in subsection (b), no State*  
10 *may impose an income tax on any qualified pension income*  
11 *of an individual who is not a resident or domiciliary of*  
12 *such State (as determined under the laws of such State).*

13 *“(b)(1) Subsection (a) shall not apply to the extent*  
14 *that the aggregate amount of qualified pension income of*  
15 *an individual for any calendar year exceeds \$30,000. There*  
16 *shall not be taken into account under the preceding sentence*

1 *any amount which is exempt from State taxation by reason*  
2 *of other Federal law.*

3       “(2) *If more than 1 State would (but for this section)*  
4 *impose an income tax on qualified pension income received*  
5 *by an individual during a calendar year, the dollar amount*  
6 *otherwise applicable under paragraph (1) for such calendar*  
7 *year shall be allocated among such States in such amounts*  
8 *as such individual may determine.*

9       “(3) *If more than 1 individual receives qualified pen-*  
10 *sion income during a calendar year which is attributable*  
11 *to services performed by 1 individual—*

12               “(A) *all such individuals receiving such income*  
13 *shall be treated as 1 individual, and*

14               “(B) *the dollar amount applicable under para-*  
15 *graph (1) shall be allocated among such individuals*  
16 *in proportion to their respective shares of such income*  
17 *received during such calendar year.*

18       “(c) *For purposes of this section:*

19               “(1) *The term ‘qualified pension income’ means*  
20 *any income from—*

21                       “(A) *a qualified trust under section 401(a)*  
22 *of the Internal Revenue Code that is exempt*  
23 *under section 501(a) from taxation;*

24                       “(B) *a simplified employee pension as de-*  
25 *finied in section 408(k) of such Code;*

1           “(C) an annuity plan described in section  
2           403(a) of such Code;

3           “(D) an annuity contract described in sec-  
4           tion 403(b) of such Code;

5           “(E) an individual retirement plan de-  
6           scribed in section 7701(a)(37) of such Code;

7           “(F) an eligible deferred compensation plan  
8           (as defined in section 457 of such Code);

9           “(G) a governmental plan (as defined in  
10          section 414(d) of such Code); or

11          “(H) a trust described in section 501(c)(18)  
12          of such Code.

13          Such term includes any retired or retainer pay of a  
14          member or former member of a uniform service com-  
15          puted under chapter 71 of title 10, United States  
16          Code.

17          “(2) The term ‘income tax’ has the meaning  
18          given such term by section 110(c).

19          “(3) The term ‘State’ includes any political sub-  
20          division of a State, the District of Columbia, and the  
21          possessions of the United States.

22          “(d) In the case of any calendar year after 1995, the  
23          dollar amount contained in subsection (b) shall be increased  
24          by the amount determined by the Secretary of the Treasury  
25          to be equal to such dollar amount, multiplied by the cost-

1 *of-living adjustment determined under section 1(f)(3) of*  
2 *such Code by substituting ‘calendar year 1994’ for ‘calendar*  
3 *year 1992’ in subparagraph (B) thereof. If any increase de-*  
4 *termined under the preceding sentence is not a multiple of*  
5 *\$1,000, such increase shall be rounded to the nearest mul-*  
6 *tiiple of \$1,000. Not later than December 1 of each calendar*  
7 *year, the Secretary of the Treasury shall publish in the Fed-*  
8 *eral Register the amount determined under this subsection*  
9 *which is applicable to the following calendar year.*

10       “(e) *Nothing in this section shall be construed as hav-*  
11 *ing any effect on the application of section 514 of the Em-*  
12 *ployee Retirement Income Security Act of 1974.*”.

13       (b) *CONFORMING AMENDMENT.—The table of sections*  
14 *for chapter 4 of title 4, United States Code, is amended*  
15 *by adding at the end the following:*

      “114. *Limitation on State income taxation of certain pension income.*”.

16       (c) *EFFECTIVE DATE.—The amendments made by this*  
17 *section shall apply to amounts received after December 31,*  
18 *1994.*