

103^D CONGRESS
2^D SESSION

S. 2256

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 SENATE OF THE UNITED STATES

JUNE 30 (legislative day, JUNE 7), 1994

Mr. ROBB introduced the following bill; which was read twice and referred to the Committee on Finance

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 subject 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,*

1 **SECTION 1. EXCLUSION FOR REFUNDS OF STATE OR LOCAL**
2 **INCOME TAXES ATTRIBUTABLE TO THE IM-**
3 **PROPER TAXATION OF FEDERAL RETIRE-**
4 **MENT BENEFITS.**

5 (a) GENERAL RULE.—For purposes of the Internal
6 Revenue Code of 1986, gross income shall not include any
7 amount (including interest) received after December 31,
8 1994, from a State in settlement of a claim for a refund
9 of State income taxes paid to such State which are attrib-
10 utable to the taxation of any protected retirement benefit
11 paid before January 1, 1990, in a manner inconsistent
12 with the manner required under Davis v. Michigan De-
13 partment of the Treasury, 489 U.S. 803 (1989).

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

15 (1) PROTECTED RETIREMENT BENEFIT.—The
16 term “protected retirement benefit” means any re-
17 tirement benefit of an officer or employee referred to
18 in section 111 of title 4, United States Code.

19 (2) STATE.—The term “State” includes any
20 political subdivision of a State and the District of
21 Columbia.

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