

104TH CONGRESS
1ST SESSION

H. R. 394

IN THE SENATE OF THE UNITED STATES

DECEMBER 18, 1995

Received; read twice and referred to the Committee on Finance

AN ACT

To amend title 4 of the United States Code to limit State
taxation of certain pension income.

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. LIMITATION ON STATE INCOME TAXATION OF**
2 **CERTAIN PENSION INCOME.**

3 (a) IN GENERAL.—Chapter 4 of title 4, United
4 States Code, is amended by adding at the end the follow-
5 ing:

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

8 “(a) No State may impose an income tax on any re-
9 tirement income of an individual who is not a resident or
10 domiciliary of such State (as determined under the laws
11 of such State).

12 “(b) For purposes of this section—

13 “(1) The term ‘retirement income’ means any
14 income from—

15 “(A) a qualified trust under section 401(a)
16 of the Internal Revenue Code of 1986 that is
17 exempt under section 501(a) from taxation;

18 “(B) a simplified employee pension as de-
19 fined in section 408(k) of such Code;

20 “(C) an annuity plan described in section
21 403(a) of such Code;

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

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

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

3 “(G) a governmental plan (as defined in
4 section 414(d) of such Code);

5 “(H) a trust described in section
6 501(c)(18) of such Code; or

7 “(I) any plan, program, or arrangement
8 described in section 3121(v)(2)(C) of such
9 Code, if such income—

10 “(i) is part of a series of substantially
11 equal periodic payments (not less fre-
12 quently than annually) made for—

13 “(I) the life or life expectancy of
14 the recipient (or the joint lives or joint
15 life expectancies of the recipient and
16 the designated beneficiary of the re-
17 cipient), or

18 “(II) a period of not less than 10
19 years, or

20 “(ii) is a payment received after ter-
21 mination of employment and under a plan,
22 program, or arrangement (to which such
23 employment relates) maintained solely for
24 the purpose of providing retirement bene-
25 fits for employees in excess of the limita-

1 tions imposed by 1 or more of sections
2 401(a)(17), 401(k), 401(m), 402(g),
3 403(b), 408(k), or 415 of such Code or
4 any other limitation on contributions or
5 benefits in such Code on plans to which
6 any of such sections apply.

7 Such term includes any retired or retainer pay of a
8 member or former member of a uniform service com-
9 puted under chapter 71 of title 10, United States
10 Code.

11 “(2) The term ‘income tax’ has the meaning
12 given such term by section 110(e).

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

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

19 (b) CONFORMING AMENDMENT.—The table of sec-
20 tions for chapter 4 of title 4, United States Code, is
21 amended by adding at the end the following:

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to amounts received after Decem-
3 ber 31, 1995.

Passed the House of Representatives December 18
(legislative day, December 15), 1995.

Attest:

ROBIN H. CARLE,

Clerk.