

Union Calendar No. 196

104TH CONGRESS
1ST Session

H. R. 394

[Report No. 104-389]

A BILL

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

DECEMBER 7, 1995

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

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mrs. VUCANOVICH (for herself, Mr. ENSIGN, Mr. STUMP, Mr. DOOLITTLE, and Mr. BURTON of Indiana) introduced the following bill; which was referred to the Committee on the Judiciary

DECEMBER 7, 1995

Additional sponsors: Mr. COBLE, Mr. DORNAN, Mr. TANNER, Mr. DICKS, Mr. SENSENBRENNER, Mr. HUNTER, Mr. BILIRAKIS, Mr. THOMAS, Mr. SCHIFF, Mr. GIBBONS, Mr. HANSEN, Mr. HEFLEY, Mr. BARTLETT of Maryland, Mr. HASTERT, Mr. WOLF, Mr. BATEMAN, Mr. BEREUTER, Mr. GORDON, Mr. EDWARDS, Mr. BAKER of California, Mr. INGLIS of South Carolina, Mr. WALSH, Mr. HOLDEN, Mr. GUNDERSON, Mr. SKEEN, Ms. MOLINARI, Mr. BALLENGER, Mr. KNOLLENBERG, Mr. CUNNINGHAM, Mr. HANCOCK, Mr. ROYCE, Mr. SANFORD, Mr. SAXTON, Mr. LATOURETTE, Mr. BILBRAY, Mr. KOLBE, Mr. FARR of California, Mr. TAYLOR of North Carolina, Mr. LIGHTFOOT, Mr. RICHARDSON, Mr. ANDREWS, Mr. GALLEGLY, Mr. PACKARD, Mr. GREENWOOD, Mrs. THURMAN, Mr. STEARNS, Mr. COX of California, Mr. McDERMOTT, Mr. EMERSON, Mr. BAKER of Louisiana, Mr. ORTON, Mr. McKEON, Mr. FIELDS of Texas, Ms. DUNN of Washington, Mr. WELLER, Mr. KIM, Mr. FALEOMAVAEGA, Mr. WELDON of Florida, Mr. CHAPMAN, Mr. HERGER, Mr. LEWIS of California, Mr. RAHALL, Mrs. LINCOLN, Mr. CALVERT, Mrs. LOWEY, Mrs. SMITH of Washington, Mr. GEJDENSON, Ms. FURSE, Mr. HALL of Texas, Mr. WILSON, Mr. KING, Mr. LIVINGSTON, Mr. GOSS, Mr. BROWN of California, Mr. HAYWORTH, Mr. POMBO, Mr. WAMP, Mr. BRYANT of Tennessee, Mr. UPTON, Mr. BLILEY, Mrs. MINK of Hawaii, Mr. SOLOMON, Mrs. SEASTRAND, Mr. NETHERCUTT, Mr. CALLAHAN, Mr. ROHRBACHER, Mr. HORN, Mr. HASTINGS of Washington, Mr. JOHNSTON of Florida, Ms. LOFGREN, Mr. MILLER of Florida, Mr. SCHAEFER,

Mr. DEFAZIO, Mr. FOLEY, Mr. CRAMER, Mr. BARTON of Texas, Mr. CANADY of Florida, Mr. MCCOLLUM, Mr. SCARBOROUGH, Mr. MARTINI, Mr. FILNER, Mr. LATHAM, Mr. SMITH of New Jersey, Mr. TAYLOR of Mississippi, Mr. SMITH of Texas, Mr. MOORHEAD, Mr. ROBERTS, Mr. BURR, Mr. BROWDER, Mr. CAMP, Ms. WOOLSEY, Mr. HUTCHINSON, Mr. BONILLA, Mr. DICKEY, Mr. CLEMENT, Mr. CHRYSLER, Mr. JOHNSON of South Dakota, Mr. SAM JOHNSON of Texas, Mr. PETERSON of Minnesota, Mr. PAXON, Mrs. KELLY, Mr. SOUDER, Mr. TORKILDSEN, Mr. SISISKY, Mrs. MORELLA, Mr. CRAPO, Ms. PRYCE, Mr. BAESLER, Mr. BASS, Mr. LINDER, Mr. SANDERS, Mr. LEACH, Mr. ORTIZ, Mr. FAZIO of California, Mr. QUINN, Mr. FRAZER, Mr. NORWOOD, Mr. HOKE, Mr. RIGGS, Mr. MCDADE, Mr. MINETA, Mr. HINCHEY, Mr. LANTOS, Mr. BENTSEN, Mrs. MEEK of Florida, Mr. ROSE, Mr. BUNNING of Kentucky, Mr. SALMON, Mr. HOUGHTON, Mr. JONES, Mr. BOUCHER, Mrs. MEYERS of Kansas, Mr. FRISA, and Mr. QUILLEN

DECEMBER 7, 1995

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 4, 1995]

A BILL

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,*

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:*

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

3 “(a) No State may impose an income tax on any re-
4 tirement income of an individual who is not a resident or
5 domiciliary of such State (as determined under the laws
6 of such State).

7 “(b) For purposes of this section—

8 “(1) The term ‘retirement income’ means any in-
9 come from—

10 “(A) a qualified trust under section 401(a)
11 of the Internal Revenue Code that is exempt
12 under section 501(a) of such Code from taxation;

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

15 “(C) an annuity plan described in section
16 403(a) of such Code;

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

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

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

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

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

1 “(I) any plan, program or arrangement de-
2 scribed in section 3121(v)(2)(C) of such Code, if
3 such income is part of a series of substantially
4 equal periodic payments (not less frequently than
5 annually) made for—

6 “(i) the life or life expectancy of the re-
7 cipient (or the joint lives or joint life
8 expectancies of the recipient and the des-
9 ignated beneficiary of the recipient), or

10 “(ii) a period of not less than 10 years.

11 The periodic payment rule under subparagraph (I)
12 shall not apply to a plan, program, or arrangement
13 which would (but for sections 401(a)(17) and 415 of
14 such Code) be described in subparagraph (A). Such
15 term includes any retired or retainer pay of a mem-
16 ber or former member of a uniform service computed
17 under chapter 71 of title 10, United States Code.

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

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

23 “(c)(1) Subsection (a) shall not apply to any retire-
24 ment income which is received by an individual during the
25 calendar year of the loss of nationality of the individual

1 *under chapter 3 of title 3 of the Immigration and National-*
2 *ity Act for reasons of avoiding taxation by the United*
3 *States or any State (as determined by the Attorney Gen-*
4 *eral), or during any succeeding calendar year.*

5 “(2) *Notwithstanding any other provision of law, not*
6 *later than 30 days after the close of each calendar quarter,*
7 *the Attorney General shall publish in the Federal Register*
8 *the name of each individual with respect to whom a loss*
9 *of nationality described in paragraph (1) occurs during*
10 *such quarter.*

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

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

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

17 (c) *EFFECTIVE DATE.—The amendments made by this*
18 *section shall apply to amounts received after December 31,*
19 *1995.*