

104TH CONGRESS  
1ST SESSION

# H. R. 744

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

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 30, 1995

Mr. PICKETT introduced the following bill; which was referred to the  
Committee on the Judiciary

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## 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 TAXATION OF CERTAIN**  
4 **PENSION INCOME.**

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

8 **“§ 114. Limitation on State income taxation of pen-**  
9 **sion income**

10 “(a) No State may impose an income tax (as defined  
11 in section 110(c)) on the qualified pension income of any

1 individual who is not a resident or domiciliary of such  
2 State.

3 “(b)(1) For purposes of subsection (a), the term  
4 ‘qualified pension income’ means any payment from a  
5 qualified plan—

6 “(A) which is part of a series of substantially  
7 equal periodic payments (not less frequently than  
8 annually) made for—

9 “(i) the life or life expectancy of the recipi-  
10 ent or for the joint lives or joint life  
11 expectancies of the recipient and the recipient’s  
12 designated beneficiary, or

13 “(ii) a period of not less than 10 years, or

14 “(B) which is not described in subparagraph  
15 (A) and which—

16 “(i) is received in a taxable year for  
17 which an election under this subsection is  
18 in effect, and

19 “(ii) is received on or after the date  
20 on which the recipient has attained the age  
21 of 59½,

22 except that the aggregate amount of payments to  
23 which this subparagraph may apply for any taxable  
24 year shall not exceed \$25,000.

1       “(2) For purposes of paragraph (1), the term ‘quali-  
2       fied plan’ means—

3               “(A) an employees’ trust described in section  
4       401(a) of the Internal Revenue Code of 1986 which  
5       is exempt from tax under section 501(a) of such  
6       Code,

7               “(B) a simplified employee pension described in  
8       section 408(k) of such Code,

9               “(C) an annuity plan described in section  
10       403(a) of such Code,

11              “(D) an annuity contract described in section  
12       403(b) of such Code,

13              “(E) an individual retirement plan described in  
14       section 7701(a)(37) of such Code,

15              “(F) an eligible deferred compensation plan  
16       under section 457 of such Code, or

17              “(G) a governmental plan described in section  
18       414(d) of such Code, other than a plan established  
19       and maintained by a State or political subdivision of  
20       a State, or an agency or instrumentality of either.

21       “(3)(A) An election under paragraph (1)(B), once  
22       made for a taxable year, may not be made for any other  
23       taxable year.

24              “(B)(i) If more than 1 State would (but for para-  
25       graph (1)(B)) impose an income tax on qualified pension

1 income received by an individual during a taxable year,  
2 the dollar amount otherwise applicable under paragraph  
3 (1)(B) for such taxable year shall be allocated among such  
4 States in such amounts as such individual may determine.

5 “(ii) The Secretary of the Treasury shall prescribe  
6 regulations for the application of paragraph (1)(B) in any  
7 case in which more than 1 individual receive qualified pen-  
8 sion income during a taxable year which is attributable  
9 to services performed by 1 individual.

10 “(C) In calendar years beginning after 1995, the  
11 \$25,000 amount referred to in paragraph (1)(B) shall be  
12 increased by an amount equal to such dollar amount, mul-  
13 tiplied by the cost-of-living adjustment determined under  
14 section 1(f)(3) of such Code for such calendar year by sub-  
15 stituting ‘calendar year 1994’ for ‘calendar year 1992’ in  
16 subparagraph (B) thereof.

17 “(c) For purposes of subsection (a), the term ‘State’  
18 includes any political subdivision of a State, the District  
19 of Columbia, and the possessions of the United States.”

20 (b) CLERICAL AMENDMENT.—The table of sections  
21 for such chapter 4 is amended by adding at the end the  
22 following new item:

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

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

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