

Union Calendar No. 304

109TH CONGRESS
2^D SESSION

H. R. 4019

[Report No. 109-542]

To amend title 4 of the United States Code to clarify the treatment of self-employment for purposes of the limitation on State taxation of retirement income.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2005

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

JUNE 29, 2006

Additional sponsors: Mr. ENGLISH of Pennsylvania, Mr. SESSIONS, Mr. KELLER, Mr. FEENEY, Mr. MARCHANT, Mr. CHABOT, Mr. PENCE, Mr. HENSARLING, Mr. COBLE, Mr. FORBES, Mr. BAKER, Mr. BOUCHER, Mr. TANNER, Mr. MATHESON, Mr. ROYCE, Mr. HOLDEN, Mr. SOUDER, Ms. HART, Mr. PRICE of Georgia, Ms. GINNY BROWN-WAITE of Florida, Mr. GOODLATTE, and Mr. CAMP of Michigan

JUNE 29, 2006

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 italics]

A BILL

To amend title 4 of the United States Code to clarify the treatment of self-employment for purposes of the limitation on State taxation of retirement 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. CLARIFICATION OF TREATMENT OF SELF-EM-**
 4 **PLOYMENT FOR PURPOSES OF THE LIMITA-**
 5 **TION ON STATE TAXATION OF RETIREMENT**
 6 **INCOME.**

7 (a) **IN GENERAL.**—Section 114(b)(1)(i) of title 4,
 8 United States Code, is amended by—

9 (1) inserting “and any plan, program, or ar-
 10 rangement providing for retirement benefits to a re-
 11 tired partner (treated as such under applicable tax
 12 laws)” after “section 3121(v)(2)(C) of such Code”;

13 (2) inserting “which may include income de-
 14 scribed in subparagraphs (A) through (H)” after
 15 “(not less frequently than annually”, and

16 (3) adding at the end the following: “The fact
 17 that benefits may be adjusted from time to time
 18 pursuant to the plan to limit total disbursements
 19 under a predetermined formula, or to provide cost of
 20 living or similar adjustments, will not cause the pe-
 21 riod benefits provided under the plan to fail the
 22 ‘substantially equal period payments’ test.”.

23 (b) **APPLICATION.**—The amendments made by this
 24 section apply to amounts received after December 31,
 25 1995.

1 **SECTION 1. CLARIFICATION OF TREATMENT OF SELF-EM-**
2 **PLOYMENT FOR PURPOSES OF THE LIMITA-**
3 **TION ON STATE TAXATION OF RETIREMENT**
4 **INCOME.**

5 (a) *IN GENERAL.*—Section 114(b)(1)(I) of title 4,
6 *United States Code*, is amended—

7 (1) by inserting “(or any plan, program, or ar-
8 rangement that is in writing, that provides for retire-
9 ment payments in recognition of prior service to be
10 made to a retired partner, and that is in effect imme-
11 diately before retirement begins)” after “section
12 3121(v)(2)(C) of such Code”,

13 (2) by inserting “which may include income de-
14 scribed in subparagraphs (A) through (H)” after
15 “(not less frequently than annually”,

16 (3) by adding at the end the following:

17 “The fact that payments may be adjusted from
18 time to time pursuant to such plan, program, or
19 arrangement to limit total disbursements under
20 a predetermined formula, or to provide cost of
21 living or similar adjustments, will not cause the
22 periodic payments provided under such plan,
23 program, or arrangement to fail the ‘substan-
24 tially equal periodic payments’ test.”, and

25 (4) by adding at the end the following:

1 “(4) For purposes of this section, the term ‘re-
2 tired partner’ is an individual who is described as a
3 partner in section 7701(a)(2) of the Internal Revenue
4 Code of 1986 and who is retired under such individ-
5 ual’s partnership agreement.”.

6 (b) APPLICATION.—The amendments made by this sec-
7 tion apply to amounts received after December 31, 1995.

Union Calendar No. 304

109TH CONGRESS
2^D SESSION

H. R. 4019

[Report No. 109-542]

A BILL

To amend title 4 of the United States Code to clarify the treatment of self-employment for purposes of the limitation on State taxation of retirement income.

JUNE 29, 2006

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