

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3232

To amend the Internal Revenue Code of 1986 to provide individuals receiving State or local governmental pensions an exclusion equivalent to that received by social security recipients.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 6, 1993

Mr. VOLKMER introduced the following bill; which was referred to the Committee on Ways and Means

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## **A BILL**

To amend the Internal Revenue Code of 1986 to provide individuals receiving State or local governmental pensions an exclusion equivalent to that received by social security recipients.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That (a) part III of subchapter B of chapter 1 of the In-  
4 ternal Revenue Code of 1986 (relating to items specifically  
5 excluded from income) is amended by redesignating sec-  
6 tion 137 as section 138 and by inserting after section 136  
7 the following new section:

1 **“SEC. 137. CERTAIN PENSIONS AND ANNUITIES UNDER**  
2 **STATE OR LOCAL RETIREMENT SYSTEMS.**

3 “(a) GENERAL RULE.—Gross income does not in-  
4 clude any amount (otherwise includible in gross income)  
5 received by an individual as a qualified governmental pen-  
6 sion.

7 “(b) DOLLAR LIMITATION.—The aggregate amount  
8 excluded under subsection (a) for the taxable year shall  
9 not exceed—

10 “(1) the social security exclusion amount appli-  
11 cable to the taxpayer for such year, reduced by

12 “(2) the sum of—

13 “(A) the aggregate amount excluded from  
14 gross income under section 72(b) with respect  
15 to any qualified governmental pension, and

16 “(B) the social security benefits (within  
17 the meaning of section 86(d)) received by the  
18 taxpayer during such year which were excluded  
19 from gross income.

20 “(c) DEFINITIONS.—For purposes of this section—

21 “(1) QUALIFIED GOVERNMENTAL PENSION.—  
22 The term ‘qualified governmental pension’ means  
23 any pension or annuity received under a State or  
24 local retirement system to the extent such pension or  
25 annuity is not attributable to service—

1           “(A) which constitutes employment for  
2           purposes of chapter 21 (relating to the Federal  
3           Insurance Contributions Act), or

4           “(B) which is covered by an agreement  
5           made pursuant to section 218 of the Social Se-  
6           curity Act.

7           “(2) SOCIAL SECURITY EXCLUSION AMOUNT.—  
8           The social security exclusion amount applicable to  
9           any taxpayer for any taxable year is the portion of  
10          the aggregate amount received as a qualified govern-  
11          mental pension by such individual during such tax-  
12          able year which would not be includible in gross in-  
13          come if the amounts so received were social security  
14          benefits (as defined in section 86(d)). For purposes  
15          of the preceding sentence, amounts received as a  
16          qualified governmental pension during such taxable  
17          year shall not be taken into account to the extent  
18          such amounts exceed the applicable maximum bene-  
19          fit amount.

20          “(3) APPLICABLE MAXIMUM BENEFIT  
21          AMOUNT.—The term ‘applicable maximum benefit  
22          amount’ means—

23                 “(A) in the case of an unmarried individ-  
24                 ual, the maximum individual social security  
25                 benefit,

1           “(B) in the case of a joint return, 150 per-  
2           cent of the maximum individual social security  
3           benefit, or

4           “(C) in the case of a married individual fil-  
5           ing a separate return, 75 percent of the maxi-  
6           mum individual social security benefit.

7           For purposes of the preceding sentence, marital sta-  
8           tus shall be determined under section 143.

9           “(4) MAXIMUM INDIVIDUAL SOCIAL SECURITY  
10          BENEFIT.—

11           “(A) IN GENERAL.—The term ‘maximum  
12           individual social security benefit’ means, with  
13           respect to any taxable year, the maximum total  
14           amount (as certified by the Secretary of Health  
15           and Human Services to the Secretary) which  
16           could be paid for all months in the calendar  
17           year ending in the taxable year as old-age in-  
18           surance benefits under section 202(a) of the So-  
19           cial Security Act (without regard to any reduc-  
20           tion, deduction, or offset under section 202(k)  
21           or section 203 of such Act) to any individual  
22           who attained age 65, and filed application for  
23           such benefits, on the first day of such calendar  
24           year.



1       (d) The amendments made by this Act shall apply  
2 to taxable years beginning after the date of the enactment  
3 of this Act.

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