

103D CONGRESS
1ST SESSION

H. R. 702

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 27, 1993

Mrs. VUCANOVICH, (for herself, Mr. BILBRAY, Mrs. UNSOELD, Mr. HUNTER, Mr. COX, Mr. STUMP, Mr. DORNAN, Mr. LEWIS of California, Mr. WOLF, Mr. SHAYS, Mr. SUNDQUIST, Mr. GALLEGLY, Mr. KYL, Mr. DOOLITTLE, Mr. THOMAS of Wyoming, Mr. GOSS, Mr. BILIRAKIS, Mr. FRANKS of Connecticut, Mr. SCHIFF, Mr. MCDADE, Mr. THOMAS of California, Mr. FAWELL, Mr. ALLARD, Mr. HANCOCK, Mr. WILSON, Mr. LIGHTFOOT, Mr. TAYLOR of North Carolina, Ms. NORTON, Mr. CUNNINGHAM, Mr. BEREUTER, Mr. SOLOMON, Mr. COBLE, Mr. WALSH, Mr. SMITH of Texas, Mr. LEHMAN, Mr. GINGRICH, Mr. SAXTON, Mr. SKEEN, Mr. YOUNG of Alaska, Mr. MCCOLLUM, Mr. EMERSON, Mr. STENHOLM, Mr. JOHNSON of Texas, Mr. GIBBONS, Mr. MCCANDLESS, and Mr. MCCREERY) introduced the following bill; which was referred to the Committee on the Judiciary

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,*

1 **SECTION 1. LIMITATION ON STATE TAXATION OF CERTAIN**
2 **PENSION INCOME.**

3 (a) IN GENERAL.—Chapter 4 of title 4 of the United
4 States Code is amended by adding at the end thereof the
5 following new section:

6 **“§ 114. Limitation on State income taxation of pen-**
7 **sion income**

8 “(a) No State may impose an income tax (as defined
9 in section 110(c)) on the qualified pension income of any
10 individual who is not a resident or domiciliary of such
11 State.

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

15 “(A) which is part of a series of substantially
16 equal periodic payments (not less frequently than
17 annually) made for—

18 “(i) the life or life expectancy of the recipi-
19 ent or for the joint lives or joint life
20 expectancies of the recipient and the recipient’s
21 designated beneficiary, or

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

24 “(B) which is not described in subparagraph
25 (A) and which—

1 “(i) is received in a taxable year for
2 which an election under this subsection is
3 in effect, and

4 “(ii) is received on or after the date
5 on which the recipient has attained the age
6 of 59½,

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

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

12 “(A) an employees’ trust described in section
13 401(a) of the Internal Revenue Code of 1986 which
14 is exempt from tax under section 501(a) of such
15 Code,

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

18 “(C) an annuity plan described in section
19 403(a) of such Code,

20 “(D) an annuity contract described in section
21 403(b) of such Code,

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

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

1 “(G) a governmental plan described in section
2 414(d) of such Code, other than a plan established
3 and maintained by a State or political subdivision of
4 a State, or an agency or instrumentality of either.

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

8 “(B) In calendar years beginning after 1993, the
9 \$25,000 amount referred to in paragraph (1)(B) shall be
10 increased by an amount equal to such dollar amount, mul-
11 tiplied by the cost-of-living adjustment determined under
12 section 1(f)(3) of such Code for such calendar year by sub-
13 stituting ‘calendar year 1992’ for ‘calendar year 1989’ in
14 subparagraph (B) thereof.

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

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

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

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

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