

104TH CONGRESS
1ST SESSION

S. 44

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

IN THE SENATE OF THE UNITED STATES

JANUARY 4, 1995

Mr. REID (for himself and Mr. BRYAN) introduced the following bill; which was read twice and referred to the Committee on Finance

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
6 States Code, is amended by adding at the end the follow-
7 ing:

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
9 income from—

10 “(A) a qualified trust under section 401(a)
11 of the Internal Revenue Code that is exempt
12 under section 501(a) 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
22 plan (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
26 501(c)(18) of such Code; or

1 “(I) any plan, program or arrangement de-
2 scribed in section 3121(v)(2)(C) of such Code.
3 Such term includes any retired or retainer pay of a
4 member or former member of a uniform service com-
5 puted under chapter 71 of title 10, United States
6 Code.

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

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

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

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

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

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to amounts received after Decem-
20 ber 31, 1994.

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