

103D CONGRESS
1ST SESSION

S. 235

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

IN THE SENATE OF THE UNITED STATES

JANUARY 27 (legislative day, JANUARY 5), 1993

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

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 of the United
6 States Code is amended by adding at the end thereof the
7 following new section:

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

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

10 “(A) which is part of a series of substantially
11 equal periodic payments (not less frequently than
12 annually) made for—

13 “(i) the life or life expectancy of the recipi-
14 ent or for the joint lives or joint life
15 expectancies of the recipient and the recipient’s
16 designated beneficiary, or

18 “(B) which is not described in subparagraph
19 (A) and which—

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

23 “(ii) is received on or after the date on
24 which the recipient has attained the age of
25 59½,

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

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

6 “(A) an employees’ trust described in section
7 401(a) of the Internal Revenue Code of 1986 which
8 is exempt from tax under section 501(a) of such
9 Code,

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

12 “(C) an annuity plan described in section
13 403(a) of such Code,

14 “(D) an annuity contract described in section
15 403(b) of such Code,

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

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

20 “(G) a governmental plan described in section
21 414(d) of such Code, other than a plan established
22 and maintained by a State or political subdivision of
23 a State, or an agency or instrumentality of either.

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

4 “(B) In calendar years beginning after 1993, the
5 \$25,000 amount referred to in paragraph (1)(B) shall be
6 increased by an amount equal to such dollar amount, mul-
7 tiplied by the cost-of-living adjustment determined under
8 section 1(f)(3) of such Code for such calendar year by sub-
9 stituting ‘calendar year 1992’ for ‘calendar year 1989’ in
10 subparagraph (B) thereof.

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

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

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

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

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