

MEMO# 6544

January 16, 1995

'SOURCE STATE TAXATION' LEGISLATION RE-INTRODUCED IN 1995

January 16, 1995 TO: OPERATIONS MEMBERS No. 3-95 PENSION MEMBERS No. 7-95
TRANSFER AGENT ADVISORY COMMITTEE No. 5-95 RE: "SOURCE STATE TAXATION"
LEGISLATION RE-INTRODUCED IN 1995

Attached is a copy of the "source state taxation" bill introduced this year in the Senate (S. 44) by Senator Harry Reid and in the House (H.R. 394) by Congresswoman Barbara Vucanovich. Also attached is the Vucanovich/Reid joint press release. Several "source state taxation" bills were pending in Congress last year. A compromise measure offered by Representative Synar (H.R. 546) passed the House in November 1994, under which only the first \$30,000 of retirement income received in a calendar year would have been exempt from source state taxation. The Senate did not act on that bill before going out of session. This year's companion bills provide a blanket prohibition on any state imposing income taxes "on any retirement income of an individual who is not a resident or domiciliary of such State (as determined under the laws of such State)." S. 44 and H.R. 394 also define "retirement income" broadly to include "any income" from section 401(a) qualified plans, section 408(k) simplified employee pensions, section 403(a) annuity plans, section 403(b) annuity contracts, individual retirement plans, section 457 plans, section 414(d) government plans, section 501(c)(18) trusts, and any plan, program or arrangement described in section 3121(v)(2)(C) of the Code. We will keep you informed of developments. John J. Canary, Jr.
Assistant Counsel - Pension Attachment

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