

MEMO# 6805

April 11, 1995

ADDITIONAL SOURCE STATE TAXATION LEGISLATION INTRODUCED

April 11, 1995 TO: OPERATIONS MEMBERS No. 19-95 PENSION MEMBERS No. 23-95
TRANSFER AGENT ADVISORY COMMITTEE No. 26-95 RE: ADDITIONAL SOURCE STATE
TAXATION LEGISLATION INTRODUCED

As we previously informed you, "source state taxation" legislation was introduced in January 1995 by Senator Harry Reid and Congresswoman Barbara Vucanovich both of Nevada. (See Institute Memorandum to Operations Members No. 3-95, Pension Members No. 7-95 and Transfer Agency Advisory Committee No. 5-95, dated January 16, 1995). The Reid/Vucanovich 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)." Another bill, H.R. 744, introduced by Rep. Owen Pickett of Virginia, would prohibit source state taxation of "qualified pension income" distributed in the form of annuity-like payments and certain lump sum distributions received after the age of 59½ of \$25,000 or less. A copy of H.R. 744 is attached. We will keep you informed of developments. John J. Canary, Jr. Assistant Counsel - Pension Attachments