

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4694

To exclude from Federal income taxation amounts received in settlement of refund claims for State or local income taxes on Federal retirement benefits which were not subject to State or local income taxation on the same basis as State or local retirement benefits.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 30, 1994

Mrs. BYRNE (for herself, Mr. BOUCHER, Mr. MORAN, Mr. SCOTT, and Mr. SISISKY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To exclude from Federal income taxation amounts received in settlement of refund claims for State or local income taxes on Federal retirement benefits which were not subject to State or local income taxation on the same basis as State or local retirement benefits.

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. SHORT TITLE.**

4 This Act may be cited as the “Federal Retirees Fair-  
5 ness Act”.

1 **SEC. 2. EXCLUSION FOR REFUNDS OF STATE OR LOCAL IN-**  
2 **COME TAXES ATTRIBUTABLE TO THE IM-**  
3 **PROPER TAXATION OF FEDERAL RETIRE-**  
4 **MENT BENEFITS.**

5 (a) GENERAL RULE.—For purposes of the Internal  
6 Revenue Code of 1986, gross income shall not include any  
7 amount (including interest) received after December 31,  
8 1994, from a State in settlement of a claim for a refund  
9 of State income taxes paid to such State which are attrib-  
10 utable to the taxation of any protected retirement benefit  
11 paid before January 1, 1990, in a manner inconsistent  
12 with the manner required under Davis v. Michigan De-  
13 partment of the Treasury, 489 U.S. 803 (1989).

14 (b) DEFINITIONS.—For purposes of subsection (a)—

15 (1) PROTECTED RETIREMENT BENEFIT.—The  
16 term “protected retirement benefit” means any re-  
17 tirement benefit of an officer or employee referred to  
18 in section 111 of title 4, United States Code.

19 (2) STATE.—The term “State” includes any po-  
20 litical subdivision of a State and the District of  
21 Columbia.

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