

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

Senate Bill 86

**FISCAL
NOTE**

BY SENATOR YOST

[Introduced January 13, 2016;

Referred to the Committee on Pensions; and then to
the Committee on Finance.]

1 A BILL to amend and reenact §11-21-12d of the Code of West Virginia, 1931, as amended,
2 relating to continuing personal income tax adjustment to gross income of certain retirees
3 receiving pensions from defined pension plans that terminated and are being paid a
4 reduced maximum benefit guarantee.

Be it enacted by the Legislature of West Virginia:

1 That §11-21-12d of the Code of West Virginia, 1931, as amended, be amended and
2 reenacted to read as follows:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-12d. Additional modification reducing federal adjusted gross income.

1 In addition to amounts authorized to be subtracted from federal adjusted gross income
2 pursuant to subsection (c), section twelve of this article, any person who retires under an
3 employer-provided defined benefit pension plan that terminates prior to or after the retirement of
4 that person and the pension plan is covered by a guarantor whose maximum benefit guarantee
5 is less than the maximum benefit to which the retiree was entitled had the plan not terminated
6 may subtract annually from his or her federal adjusted income a sum equal to the difference in
7 the amount of the maximum annual pension benefit the person would have received for such tax
8 year had the plan not terminated and the maximum annual pension benefit actually received from
9 the guarantor under a benefit guarantee plan: *Provided*, That if the Tax Commissioner determines
10 that this adjustment reduces the revenues of the state by \$2 million or more in any one year, then
11 the Tax Commissioner shall reduce the percentage of the reduction to a level at which the
12 commissioner believes will reduce the cost of the adjustment to \$2 million for the next year. This
13 tax adjustment is effective for taxable years beginning on and after January 1, 2008: *Provided*,
14 *however*, That for the taxable year 2007, the tax adjustment ~~shall be~~ is effective and ~~shall apply~~
15 applies retroactively: *Provided further*, That the adjustment terminates for the tax years on and
16 after January 1, ~~2015~~ 2019. This modification is available regardless of the type of return form
17 filed.

NOTE: The purpose of this bill is to continue providing a personal income tax adjustment to the gross income of certain retirees receiving pensions from defined pension plans that terminated and are being paid a reduced maximum benefit guarantee.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.