

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

Senate Bill 314

FISCAL
NOTE

BY SENATOR WELD

[Introduced February 14, 2017; 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 allowing an adjustment to gross income for calculating the personal income tax
3 liability of certain retirees receiving pensions from defined benefit pension plans that have
4 been terminated with a consequent reduced benefit; and reinstating the effective period
5 of the allowed adjustment.

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.

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

19 (b) This adjustment shall be effective for tax years beginning on January 1, 2017, and shall
20 terminate for taxable years on and after January 1, 2021.

21 (c) This modification is available regardless of the type of return form filed.

NOTE: The purpose of this bill is to allow adjustment of gross income for calculating personal income liability for certain retirees entitled to reduced benefits related to a terminated defined benefit plan.

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