

WEST VIRGINIA LEGISLATURE

2018 REGULAR SESSION

Introduced

Senate Bill 72

FISCAL
NOTE

BY SENATORS WELD AND CLINE

[Introduced January 10, 2018; 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:

ARTICLE 21. PERSONAL INCOME TAX.

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

1 (a) In addition to amounts authorized to be subtracted from federal adjusted gross income
 2 pursuant to ~~subsection (c), section twelve of this article~~ §11-21-12(c) of this code, any person who
 3 retires under an employer-provided defined benefit pension plan that terminates prior to or after
 4 the retirement of that person and the pension plan is covered by a guarantor whose maximum
 5 benefit guarantee is less than the maximum benefit to which the retiree was entitled had the plan
 6 not terminated may subtract annually from his or her federal adjusted income a sum equal to the
 7 difference in the amount of the maximum annual pension benefit the person would have received
 8 for such tax year had the plan not terminated and the maximum annual pension benefit actually
 9 received from the guarantor under a benefit guarantee plan: *Provided*, That if the Tax
 10 Commissioner determines that this adjustment reduces the revenues of the state by \$2 million or
 11 more in any one year, then the Tax Commissioner shall reduce the percentage of the reduction
 12 to a level at which the commissioner believes will reduce the cost of the adjustment to \$2 million
 13 for the next year. This tax adjustment is effective for taxable years beginning on and after January
 14 1, 2008: *Provided, however*, That for the taxable year 2007, the tax adjustment shall be effective
 15 and shall apply retroactively: *Provided further*, That the adjustment terminates for the tax years
 16 on and after January 1, 2015.

17 (b) This adjustment shall be effective for tax years beginning on January 1, 2018, and shall
 18 terminate for taxable years on and after January 1, 2022.

19 (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.