

**SENATE BILL REPORT**

**SSB 5309**

**AS PASSED SENATE, FEBRUARY 6, 1991**

**Brief Description:** Limiting the ability of other jurisdictions to collect income taxes on pension and retirement benefits of Washington residents.

**SPONSORS:** Senate Committee on Governmental Operations (originally sponsored by Senators L. Smith, Bauer, Barr, Sutherland, Saling, McMullen, Craswell, McCaslin and Johnson).

**SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS**

**Majority Report:** That Substitute Senate Bill No. 5309 be substituted therefor, and the substitute bill do pass.

Signed by Senators McCaslin, Chairman; Madsen, Matson, and Sutherland.

**Staff:** Rod McAulay (786-7754)

**Hearing Dates:** January 31, 1991

**BACKGROUND:**

Washington residents who formerly worked in another state which imposes an income tax on their pension or retirement benefits continue to be liable for such taxes. They can be sued for such taxes even though they no longer use the taxing state's services, participate in its elections, or take advantage of tax exemptions or credits available to its residents.

**SUMMARY:**

When another state attempts to collect an income tax on pension or retirement benefits paid to a Washington resident who was formerly employed in the taxing state, the full value of any homestead and all of the resident's other property located in Washington is exempt from judicial execution by attachment, garnishment or any other means. The exemption extends to the spouse and dependents of the taxpayer in the event the taxpayer dies or absconds.

The express authority granted to other states to sue in Washington courts for collection of taxes is amended to exclude income taxes on pension and retirement benefits.

The legislative purpose is defined as protecting the income and investments of retired persons who are more dependent than others upon fixed income and passive income from investments.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:**

Washington residents are protected from taxation on fixed incomes and from large judgments for back taxes of which the resident was unaware. The legislation would also prevent taxation of Washington residents who have no voting rights in the taxing state and no longer receive any benefits from the taxing state.

**TESTIMONY AGAINST:** None

**TESTIFIED:** PRO: Senator Linda Smith; Senator Dean Sutherland; James W. Dawes; Edmund S. Audelo; George Lough