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HOUSE BILL NO. 80

House Amendments in [] — February 12, 2000

A BILL for the relief of George M. Murray.

Patron—Tata (By Request)

Referred to Committee on Claims

Whereas, in March 1989, the United States Supreme Court ruled in Davis v. Michigan that the state's practice of taxing federal pensions while exempting state workers' pensions was unconstitutional; and

Whereas, the Commonwealth of Virginia was among 23 states faced with changing its income tax laws on retirement; and

Whereas, in an April 1989 Special Session, the General Assembly repealed the exemption for VRS retirement benefits so that the Commonwealth's federal and state retirees would be taxed equally; and

Whereas, the special session did not address the issue of refunding the taxes paid by federal retirees between 1985 and 1988, which prompted the filing of Harper v. Commonwealth of Virginia on May 31, 1989; and

Whereas, in an effort to bring closure to the case for all the parties involved, on July 8, 1994, the General Assembly set in motion the settlement process with regard to the Harper litigation by passing Senate Bill No. 2008; and

Whereas, Senate Bill No. 2008, which was signed into law on July 13, 1994, required the Department of Taxation to send tax overpayment notices to retirees and begin a public notification program on August 1, 1994; and

Whereas, November 1, 1994, was the deadline for all federal retirees to respond to the August 1, 1994, notice in order to preserve their rights to recover any Virginia taxes paid on federal retirement income for taxable years through 1988; and

Whereas, in an effort to provide relief for retired federal and military taxpayers who were denied participation in the settlement process established by Senate Bill No. 2008, the General Assembly in the 1995 Session enacted House Bill No. 1564 and Senate Bill No. 831, which were signed in to law on March 14, 1995; and

Whereas, House Bill No. 1564 and Senate Bill No. 831 provided that retired federal and military taxpayers who failed to provide necessary information or missed the applicable deadlines, due to circumstances beyond their control, could file the necessary forms or documents within the 60-day period following their enactment; and

Whereas, George M. Murray was a federal retiree and was unlawfully taxed on his federal pensions by the Commonwealth during the taxable years 1985 through 1988; and

Whereas, George Murray received Form FR1 from the Department of Taxation in October 1994; and
Whereas, George Murray indicated on the form his intention to be bound by the outcome of the Harper litigation and promptly returned the form by regular mail in October 1994 prior to the deadline; and

Whereas, George Murray received no further notification from the Department regarding his status or the receipt of the form; and

Whereas, in February 1999, George Murray contacted the Department to determine the status; and

Whereas, the Department informed George Murray that the Form FR1 had not been received; and

Whereas, the amount of the settlement that George Murray would have received under the settlement is [76.5459 percent of] \$4,125; and

Whereas, George M. Murray has no other means to obtain the relief, except by action of this body; now, therefore,

Be it enacted by the General Assembly of Virginia:

§ 1. *That there is hereby appropriated from the general fund of the state treasury [76.5459 percent of] the amount of [\$4,125 Virginia income taxes actually paid on Mr. Murray's federal retirement income for the taxable years 1985 through 1988, as verified by the Department of Taxation,] to be paid by check issued by the State Treasurer on warrant of the Comptroller to George M. Murray, upon the release by him of all claims against the Commonwealth and its political subdivisions, agencies, instrumentalities, officers, or employees arising out of the aforesaid occurrence.*

ENGROSSED

HB80E