
GOP Tax Overhaul Could Hit State and Local Pension Plans With Federal Tax.

"It's a huge burden," the executive director of the National Conference on Public Employee Retirement Systems said as he discussed the tax proposal.

WASHINGTON — State and local government pension plans would be confronted with new costs and complications under the Republican tax bill the U.S. House approved last week.

Some, but not all, public pension investments would become subject to what's known as the Unrelated Business Income Tax, or UBIT, if the current version of the House bill were to be enacted. The proposed change to how the tax is applied would make it so state and local government pension plans are treated in a way that is similar to private sector pensions, or nonprofit organizations.

Hank Kim, executive director of the National Conference on Public Employee Retirement Systems, said that if the House proposal were to go into effect, it would be the first time that state and local pension systems would have to pay federal tax on their investments.

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By Bill Lucia,
Senior Reporter

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