

March 12, 1957.

House File 493  
By MILROY and CARSON.

Passed House, Date..... Passed Senate, Date.....  
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....  
Approved.....

## A BILL FOR

An Act to amend section four hundred twenty-seven point one (427.1), Code 1954, relating to employee pension funds and the exemption from taxation of such funds.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 Section 1. Section four hundred twenty-seven point one  
2 (427.1), subsection nineteen (19), Code 1954, is hereby  
3 amended by striking the period at the end of said subsection  
4 and inserting in lieu thereof the following: “, the  
5 accumulations and funds held or possessed by any trustee or  
6 employer for the irrevocable benefit of employees pursuant  
7 to any pension, or other employees welfare plan which  
8 qualifies for tax-exempt status under the laws of the United  
9 States, or for the payment of the expenses of such plans.”

### EXPLANATION OF HOUSE FILE 493

Under present law, pension funds are taxable as moneys and credits except for a number of specific exemptions already recognized. Consequently most of these funds are kept in or moved to banks and trust companies in other states where such moneys and credits are not taxed. This bill will benefit the localities involved by keeping the funds in local banks and trust companies where they can be administered more conveniently and efficiently. It is obviously desirable to have these funds kept in Iowa and governed by Iowa law. In addition, the welfare, security and benefits of these employees will be increased by reducing the expenses of maintaining such funds.

