

Senate File 104  
Ways and Means  
Junkins, Chairman  
Culver  
Burroughs

2/5, Passed 3651 4/20

Ret'd Ways and Means 4/12/76

SENATE FILE 104

FILED FEB 4 1975

By GLUBA, RODGERS, CARR, JUNKINS,  
MILLER of Des Moines, VAN GILST,  
ANDERSEN, PALMER, KINLEY,  
GALLAGHER, SOVERN, MURRAY,  
WILLITS, NORPEL, ROBINSON,  
COLEMAN, TIEDEN, RABEDAUX,  
NYSTROM, GRIFFIN and REDMOND  
(Junker, Connors, Caffrey,  
Cusack, Wells, Krause,  
Readinger, Woods and Egenes)

Passed Senate, Date \_\_\_\_\_

Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to taxation of United States civil service  
2 retirement and disability annuities.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Chapter four hundred twenty-two (422), Code  
2 1975, is amended by adding the following new section:

3 NEW SECTION. A person who receives annuities from the  
4 United States civil service retirement and disability trust  
5 fund, and whose net income, as defined in section four hundred  
6 twenty-two point seven (422.7) of the Code, is sufficient  
7 to require that tax be imposed upon it under section four  
8 hundred twenty-two point five (422.5) of the Code, may  
9 determine final taxable income for purposes of imposition  
10 of the tax under section four hundred twenty-two point five  
11 (422.5) of the Code by excluding the amount of annuities  
12 received from the United States civil service retirement and  
13 disability trust fund, which are not already excluded in  
14 determining net income, as defined in section four hundred  
15 twenty-two point seven (422.7) of the Code, up to a maximum  
16 each tax year of four thousand two hundred fifty dollars for  
17 a person who files a separate state income tax return and  
18 six thousand five hundred dollars total for a husband and  
19 wife who file a joint state income tax return.

20 EXPLANATION

21 A special income tax exemption is granted in this bill  
22 for persons who receive civil service retirement annuities.  
23 These annuities, beyond the amount actually contributed by  
24 the person (which may be deducted from federal adjusted gross  
25 income first or on a pro rata basis at the person's option)  
26 are now included in Iowa "net income", although Social Security  
27 benefits are presently excluded from federal adjusted gross  
28 income and consequently are excluded from Iowa "net income".  
29 The bill provides a maximum exemption of \$4250 for a separate  
30 return and \$6500 for a joint return, but does not permit the  
31 exemption to be used in determining "net income" for purposes  
32 of the four thousand dollar exemption now in section 422.5  
33 of the Code.

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S-3246

1 Amend Senate File 104 as follows:  
2 1. Page 1, line 3, by striking the "A"  
3 and inserting in lieu thereof the words "Except as  
4 provided in this section,".  
5 2. Page 1, line 3, by striking the word  
6 "annuities" and inserting in lieu thereof the  
7 words "an annuity".  
8 3. Page 1, by striking line 19 and inserting  
9 after the word "return." the following sentence."  
10 "The amount of the exemption shall be reduced by  
11 the amount of any social security annuities  
12 received. However, a person who is less than  
13 sixty-two years of age shall not be allowed to  
14 exclude the amount of annuities allowed under this  
15 section unless such a person is disabled."

S-3246 FILED  
FEBRUARY 27, 1975

BY LOWELL L. JUNKINS  
LOUIS CULVER

S-3651

1 Amend Senate File 104 as follows:  
2 1. Page 1, line 3, by striking the words "A  
3 person who receives annuities" and inserting in  
4 lieu thereof the words "Except as provided in this  
5 section, a person who receives an annuity".  
6 2. Page 1, line 11, by striking the word  
7 "annuities" and inserting in lieu thereof the words  
8 "an annuity".  
9 3. Page 1, line 13, by striking the word "are"  
10 and inserting in lieu thereof the word "is".  
11 4. Page 1, line 16, by striking the words  
12 "two hundred fifty" and inserting in lieu thereof  
13 the words "one hundred".  
14 5. Page 1, line 18, by striking the word  
15 "five" and inserting in lieu thereof the word "two".  
16 6. Page 1, line 19, by inserting after the  
17 period the following:  
18 "However, this exclusion does not apply to a  
19 person who is less than sixty-two years of age unless  
20 the person is disabled. This exclusion applies to  
21 any annuity received on or after January 1, 1975."

S-3651 FILED  
APRIL 30, 1975

BY NORMAN RODGERS, CHAIRMAN  
COMMITTEE ON WAYS AND MEANS

S-3682

1 Amend the Committee on Ways and Means  
2 amendment S-3651 to Senate File 104, on line 19, by  
3 striking the word "sixty-two" and inserting in lieu  
4 thereof the word "sixty-five".

S-3682 FILED  
MAY 2, 1975

BY WARREN E. CURTIS

SENATE FILE 104

S-3729

1 Amend Senate File 104 as follows:

- 2 1. Page 1, lines 3, 4 and 5, by striking the  
3 words "from the United States civil service retire-  
4 ment and disability trust fund" and inserting in  
5 lieu thereof the words ", a pension or benefits  
6 under a retirement plan, whether public or private,  
7 any of which are approved by the commissioner of  
8 internal revenue".  
9 2. Page 1, by striking lines 12 and 13 and  
10 inserting in lieu thereof the words ", a pension  
11 or benefits received under a retirement plan,  
12 whether public or private, any of which are approved  
13 by the commissioner of internal revenue, and which  
14 are not already excluded in".  
15 3. Amend the title, lines 1 and 2, by striking  
16 the words "United States civil service retirement  
17 and disability annuities" and inserting in lieu  
18 thereof the words "annuities, pensions, and benefits  
19 received under retirement plans".

S-3729 FILED  
MAY 6, 1975

BY WARREN CURTIS  
ELIZABETH SHAW

SENATE FILE 104

S-5369

1 Amend Senate File 104 as follows:

- 2 1. Page 1, line 16, by striking the words "four  
3 thousand two hundred fifty" and inserting in lieu  
4 thereof the words "five thousand three hundred forty-  
5 five".  
6 2. Page 1, line 18, by striking the words "six  
7 thousand five hundred" and inserting in lieu thereof  
8 the words "eight thousand five".

EXPLANATION OF AMENDMENT

The exemption amounts are amended to correspond with current Social Security exemption amounts.

S-5369 FILED  
MARCH 18, 1976

BY LEONARD C. ANDERSEN

SENATE FILE 104  
FISCAL NOTE

Date Prepared: April 1, 1975  
Requested by: Senator Junkins  
Prepared in regard to Senate File 104, Junkins amendment, An Act relating to taxation of United States Civil Service Retirement and disability annuities. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

No estimate available.

Because information on other income received by United States Civil Service annuitants and the age groupings of these annuitants is not available, an accurate estimate cannot be completed.

FILED  
APRIL 30, 1975

GERRY D. RANKIN  
LEGISLATIVE FISCAL DIRECTOR

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SENATE FILE 104  
FISCAL NOTE

Date prepared: May 5, 1975  
Requested by: Senator Rodgers  
Prepared in regard to Amendment S-3651 to Senate File 104, An Act relating to Civil Service Retirement Annuity. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

No estimate available.

It is not possible to estimate the cost of excluding those individuals 62 or under from the exemption because civil service retirement income information is not broken down by age of recipient.

Reducing the amount of the exemption from \$4,250 to \$4,100 for single filers and \$6,500 to \$6,200 for a couple filing jointly would reduce the original estimate for the cost of Senate File 104 (House File 71) by approximately \$10,000.

The estimated cost of this exemption would now range from \$456,000 to \$552,000 depending on the number of single and joint returns. This estimate was obtained by using monthly annuity data as of July 1, 1973. It should be noted that benefits have increased so that the true cost of the bill would be somewhat higher.

SOURCE: Department of Revenue

FILED  
MAY 28, 1975

GERRY D. RANKIN  
LEGISLATIVE FISCAL  
DIRECTOR

SENATE FILE 104  
FISCAL NOTE

Date prepared: March 31, 1976

Requested by: Senator Gluba

Prepared in regard to Senate File 104, An Act relating to taxation of United States civil service retirement and disability annuities.

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

Senate File 104 provides for a special income tax exemption for persons who receive civil service retirement annuities. This proposal would exempt up to \$4,250 of civil service retirement annuity income received by a single person or a married taxpayer filing separately and up to \$6,500 of such income received by a married couple filing jointly. It should be noted that this estimate is based on the assumption that the civil service retirement income is the only source of income received by the taxpayer. Based on the above, the annual reduction in income taxes due under this proposed exemption is estimated at slightly less than \$1 million.

It should also be noted that average monthly annuity data is currently available only as of July 1, 1974, and since the average annuities have increased, the cost of this proposal would be somewhat higher than estimated. However, it is not possible at this time to estimate this additional cost. In addition, if taxable income other than civil service annuities were received by taxpayers eligible for this exemption, the cost of this proposal would be somewhat greater since the income exempted would currently be taxed at a higher rate.

This estimate is based on more recent data obtained from the United States civil service commission which includes the number of Iowa annuitants as of July 1, 1975. This more recent information shows an increase in the number of Iowa annuitants and a change in the distribution of annuitants so that a larger percentage of individuals are receiving larger average monthly benefits. As a result of these changes and modifications to the 1975 federal and Iowa income tax laws, the estimated income taxes currently due from annuitants and, subsequently, the revenue loss under this proposal would be greater than previously estimated.

Source: Dept. of Revenue

FILED  
APRIL 1, 1976

BY GERRY D. RANKIN  
LEGISLATIVE FISCAL DIRECTOR

Date prepared: February 14, 1975  
Requested by: Senator Gluba  
Prepared in regard to Senate File 104, An Act relating to taxation of United States civil service retirement and disability annuities. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

SF 104 provides for a special income tax exemption for persons who receive civil service retirement annuities. The bill provides a maximum exemption of \$4,250 for a separate return and \$6,500 for a joint return, but does not permit the exemption to be used in determining "net income" for purposes of the four thousand dollar exemption now in section 4225 of the code.

In calculating this estimate, it has been assumed that civil service retirement income is the only income received by the taxpayer. The estimated fiscal effect of exempting \$4,250 of this income for a single taxpayer and \$6,500 for a married couple filing jointly would range from \$466,000 to \$552,000 depending on the number of single and joint returns.

This estimate was obtained using monthly annuity data as of July 1, 1973. Since then the benefits have increased so that the true cost of this bill would be somewhat higher.

Source: Department of Revenue

LEGISLATIVE FISCAL DIRECTOR

SENATE FILE 104  
FISCAL NOTE

Date prepared: May 13, 1975  
Requested by: Senator Curtis  
Prepared in regard to amendment S-3729 to Senate File 104. An Act relating to taxation of United States civil service retirement and disability annuities. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

No estimate available.

Because of insufficient information on income of retirees an accurate estimate cannot be completed.

Source: Department of Revenue

FILED  
May 19, 1975

Gerry D. Rankin  
LEGISLATIVE FISCAL DIRECTOR