

reprinted

FILED APR 25 1989

SENATE FILE 539
BY COMMITTEE ON
WAYS AND MEANS

(SUCCESSOR TO SSB 381)

Passed Senate, Date 4-26-89 (1678) Passed House, Date 5-4-89 p 2426
Vote: Ayes 33 Nays 16 Vote: Ayes 74 Nays 19
Approved May 26, 1989

A BILL FOR

392- 1 An Act relating to the taxation of certain pensions, annuities,
2 and retirement allowances received for purposes of the state
3 individual income tax and providing a retroactive
4 applicability date.

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

SF 539

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1 Section 1. Section 97A.12, Code 1989, is amended to read
2 as follows:

3 97A.12 EXEMPTION FROM TAXATION-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under the-provisions-of this chapter, and the
9 moneys in the various funds created under this chapter, are
10 hereby-exempt-from-any-tax-of-the-state-and-shall not be
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and shall-be are unassignable except as in
13 this chapter specifically provided.

14 Sec. 2. Section 97B.39, Code 1989, is amended to read as
15 follows:

16 97B.39 RIGHTS NOT TRANSFERABLE ---NOT-TAXABLE.

17 The right of any person to any future payment under this
18 chapter shall is not be transferable or assignable, at law or
19 in equity, and none-of the moneys paid or payable or rights
20 existing under this chapter shall-be are not subject to
21 execution, levy, attachment, garnishment, or other legal
22 process, or to the operation of any bankruptcy or insolvency
23 law. These-moneys-shall-also-be-exempt-from-taxation,-either
24 as-income-or-as-personal-property:

3918 25 Sec. 3. Section 97B.41, subsection 1, paragraph a,
26 unnumbered paragraph 2, Code 1989, is amended to read as
27 follows:

28 Wages for a member of the general assembly means the total
29 compensation received by a member of the general assembly,
30 whether paid in the form of per diem including per diem
3924 31 expenses during session or annual salary, exclusive of other
32 expense and travel allowances paid to a member of the general
33 assembly. Wages includes per diem payments paid to members of
34 the general assembly during interim periods between sessions
35 of the general assembly.

1 Sec. 4. Section 411.13, Code 1989, is amended to read as
2 follows:

3 411.13 EXEMPTION FROM TAX-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under ~~the provisions of~~ this chapter, and the
9 moneys in the various funds created under this chapter, are
10 ~~hereby exempt from any tax of the state and shall not be~~
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and ~~shall be~~ are unassignable except as in
13 this chapter specifically provided.

14 Sec. 5. Section 422.5, subsection 6, Code 1989, is amended
15 by striking the subsection.

16 Sec. 6. Section 422.5, subsection 7, Code 1989, is amended
17 to read as follows:

18 7. Upon determination of the latest cumulative inflation
19 factor, the director shall multiply each dollar amount set
20 forth in subsection 1, paragraphs "a" and through "i" of this
21 ~~section, and each dollar amount specified in this section as~~
22 ~~the maximum amount of annuities received which may be excluded~~
23 ~~in determining final taxable income,~~ by this cumulative
24 inflation factor, shall round off the resulting product to the
25 nearest one dollar, and shall incorporate the result into the
26 income tax forms and instructions for each tax year.

27 Sec. 7. Section 422.7, subsection 14, Code 1989, is
28 amended by striking the subsection.

29 Sec. 8. Section 422.7, Code 1989, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 19. For a person who is disabled, is
32 sixty-two years of age or older or is the surviving spouse of
33 an individual or survivor having an insurable interest in an
34 individual who would have qualified for the exemption under
35 this paragraph for this tax year, subtract, to the extent

1 included, the total amount of pension, annuity, or retirement
2 allowances received under the peace officers' retirement
3 system under chapter 97A, the Iowa public employees'
4 retirement system under chapter 97B, the Iowa police officers
5 and firefighters retirement system under chapter 411, the
6 judicial retirement system under chapter 602, article 9, and
7 any federal retirement and disability system, as a result of
8 being an officer or employee of the federal government, up to
3110- 9 a maximum each tax year of eight thousand five hundred dollars
10 for a person who files a separate state income tax return and
11 ten thousand dollars for a husband and wife who file a joint
12 state income tax return. However, a surviving spouse who is
13 not disabled or sixty-two years of age or older can only
14 exclude the amount of annuities received as a result of the
15 death of the other spouse.

16 Sec. 9. Section 602.9109, Code 1989, is amended to read as
17 follows:

18 602.9109 PAYMENT OF ANNUITIES ---TAX-EXEMPTION.

19 Annuities granted under the terms of this article shall be
20 are due and payable in monthly installments on the last
21 business day of each month following the month or other period
22 for which the annuity shall have has accrued and shall
23 continue during the life of the annuitant; and payment of all
24 annuities, refunds, and allowances granted hereunder under
25 this article shall be made by checks or warrants drawn and
26 issued by the director of revenue and finance. Applications
27 for annuities shall be in such form as the director of revenue
28 and finance may prescribe.

29 ~~Annuities-granted-under-this-article-are-exempt-from~~
30 ~~taxation-either-as-income-or-as-personal-property-~~

31 3120- Sec. 10. This Act applies retroactively to January 1,
32 1989, for tax years beginning on or after that date.

33 3120 - EXPLANATION

34 This bill eliminates the exemption from state income
35 taxation for retirement benefits received under IPERS, peace

1 officers, judicial, police officers, and fire fighters systems
2 of the state. These benefits would be taxed in the same
3 manner as federal retirement programs. This bill provides for
4 individuals who are disabled, 62 years old or a surviving
5 spouse of such an individual an exemption from tax for up to
6 \$10,000 for married taxpayers filing a joint return and up to
7 \$8,500 for taxpayers filing a separate return for retirement
8 benefits received from the state and federal retirement
9 systems.

10 The bill also provides that per diem payments paid to
11 members of the general assembly during sessions and during
12 interim periods are included as wages.

13 The bill also eliminates the exclusion of certain federal
14 civil service annuities for persons who are disabled, sixty-
15 two years of age or older or surviving spouses. This bill
16 applies retroactively for tax years beginning on or after
17 January 1, 1989.

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**SENATE FILE 539
FISCAL NOTE**

A fiscal note for SENATE FILE 539 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 539 eliminates the exemption from state income taxation for retirement benefits received under IPERS, peace officers, judicial, police officers and fire fighters pensions systems of the state. These benefits would be taxed in the same manner as federal retirement programs. This bill provides an exemption from tax for up to \$10,000 for married taxpayers filing a joint return and up to \$8,500 for taxpayers filing a separate return for retirement benefits received from each retirement system, state and federal.

The bill also provides that per diem payments to members of the General Assembly during sessions are included as wages. Additionally, the bill makes eligibility requirements currently pertaining to federal civil service annuities applicable to all the government pensions. This bill is effective for tax years beginning on or after 1989.

Fiscal Effect

The Department estimated the exclusion amounts allowed under this bill together with the eligibility requirements would reduce state General Fund receipts by about \$1.0 million. This \$1.0 million reduction is first expected to occur FY 1990.

Source: Department of Revenue and Finance

(LSB 2730sc, PDD)

FILED APRIL 26, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 539

S-3916

- 1 Amend Senate File 539 as follows:
- 2 1. Page 3, line 9, by striking the words "five
- 3 hundred".
- 4 2. Page 3, line 11, by striking the word "ten"
- 5 and inserting the following: "eleven".

By CHARLES BRUNER

S-3916 FILED APRIL 25, 1989

Adopted 4-26-89 (P1677)

SENATE FILE 539
FISCAL NOTE

REQ. BY SENATOR BRUNER

A fiscal note for S-3916 TO SENATE FILE 539 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

S-3916 to Senate File 539 changes the exclusion amounts allowed under the bill for state and local government pensions from \$10,000 for joint filers and \$8,500 for other filers, to \$11,000 and \$8,000 respectively.

Fiscal Effect

The Department estimated this amendment would not significantly change the net impact of this bill.

Source: Department of Revenue and Finance

(LSB 2730sv, PDD)

FILED APRIL 26, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 539

S-3918

- 1 Amend Senate File 539 as follows:
 - 2 1. Page 1, by striking lines 25 through 35.
- By JULIA GENTLEMAN

S-3918 FILED APRIL 26, 1989
 LOST 4-26-89 (p. 1677)

SENATE FILE 539

S-3920

- 1 Amend Senate File 539 as follows:
 - 2 1. Page 3, line 31, by striking the words "This
 - 3 Act applies" and inserting the following: "Sections
 - 4 1, 2, 4, 5, 6, 7, 8, and 9 of this Act apply".
 - 5 3. Page 3, by inserting after line 32, the
 - 6 following:
 - 7 "Sec. 100. Section 3 of this Act takes effect
 - 8 January 1, 1991, for tax years beginning on or after
 - 9 that date."
 - 10 3. Title page, by striking lines 3 through 4, and
 - 11 inserting the following: "individual income tax and
 - 12 providing certain effective and applicability dates."
 - 13 4. By renumbering as necessary.
- By JIM LIND

S-3920 FILED APRIL 26, 1989
 LOST 4-26-89 (p. 1677)

SENATE FILE 539

S-3924

- 1 Amend Senate File 539 as follows:
 - 2 1. Page 1, line 31, by inserting after the word
 - 3 "session" the following: ", but not to exceed the
 - 4 amount received by members from Polk county,".
- By JULIA B. GENTLEMAN

S-3924 FILED APRIL 26, 1989
 LOST 4-26-89 (p. 1677)

HOUSE AMENDMENT TO
SENATE FILE 539

S-4116

- 1 Amend Senate File 539, as amended, passed, and re-
- 2 printed by the Senate, as follows:
- 3 1. Page 1, by striking lines 25 through 35.
- 4 2. By striking page 2, line 29, through page 3,
- 5 line 15.
- 6 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-4116 FILED MAY 4, 1989

Senate referred to committee 5/5 (p. 1952)
House initiated 5/5 (p. 2522)

STATE OF IOWA

FISCAL NOTE

ISSUED BY THE
STATE OF IOWA
FISCAL BUREAU

A fiscal note for SENATE FILE 539 AS AMENDED AND PASSED BY THE SENATE is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 539 as amended and passed by the senate eliminates the exemption from state income taxation for retirement benefits received under IPERS, peace officers, judicial, police officers and fire fighters pensions systems of the state. These benefits would be taxed in the same manner as federal retirement programs. This bill provides an exemption from tax of up to \$11,000 for married taxpayers filing a joint return and up to \$8,000 for taxpayers filing a separate return for retirement benefits received from each retirement system, state and federal.

The bill also provides that per diem payments to members of the General Assembly during sessions are included as wages. Additionally, the bill makes eligibility requirements currently pertaining to federal civil service annuities applicable to all state government pensions. This bill is effective for tax years beginning on or after 1989.

Fiscal Effect

The Department estimated the exclusion amounts allowed under this bill together with the eligibility requirements would reduce state General Fund receipts by about \$1.2 to 1.5 million. This reduction is expected to occur in FY 1990.

Source: Department of Revenue and Finance

(LSB 2783sv.2, 880)

Dennis C. Houty
Fiscal Director

Legislative Fiscal Bureau

Date: 4/28/89

SENATE FILE 539
FISCAL NOTE

A fiscal note for S-4116 TO SENATE FILE 539 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

S-4116 to Senate File 539 strikes language that provided that per diem payments to members of the General Assembly during sessions would be included as wages. The amendment also strikes language that provided for an \$11,000 exclusion for married government pension recipients filing a joint return and up to \$8,000 for government pension recipients filing separate returns for currently exempt state pension systems and federal pensions currently qualifying for an exclusion.

Fiscal Effect

The Department estimates that full taxation of government pensions will increase General Fund revenues by \$7.5 to \$9.0 million.

Source: Department of Revenue and Finance

(LSB 2730^{gv.5}, PDD)

FILED MAY 4, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

House Ways & Means
DO pass per amend. 4413, 5-4-89 (p. 2419)

SENATE FILE 539
BY COMMITTEE ON
WAYS AND MEANS

(SUCCESSOR TO SSB 381)

(AS AMENDED AND PASSED BY THE SENATE APRIL 26, 1989)

- _____ - New Language by the Senate
- * - Language Stricken by the Senate

Passed Senate, Date 4/26/89 (p. 1678) Passed House, Date 5-4-89 (p. 2420)
 Vote: Ayes 33 Nays 16 Vote: Ayes 74 Nays 19
 Approved May 26, 1989

A BILL FOR

44071 An Act relating to the taxation of certain pensions, annuities,
 2 and retirement allowances received for purposes of the state
 3 individual income tax and providing a retroactive
 4 applicability date.

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

6
 7 *Conference Committee appointed 5/5/89*
 8 *Senators Dulawa (Chair), Brunson, Drake, Tipton, & Palmer*
 9 *House - Representative Jabou (Chair), Doherty, Bringmore, Dumm, Schuckelth (p. 2522)*

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 11 *Second Conference Committee appointed 5/6/89*
 12 *Senator Beckman (Chair), Fetting, Kobbie, Drake, Tipton (p. 2662)*
 13 *Representatives Jabou (Chair), Bringmore, Chapman, Dumm, Schuckelth (p. 2676)*

14 *Passed for Second Conference Committee*
 15 *Senate 5/6/89 (p. 2675) House 5/6/89 (p. 2740)*
 16 *32-9 64-25*

S.F. 539

1 Section 1. Section 97A.12, Code 1989, is amended to read
2 as follows:

3 97A.12 EXEMPTION FROM TAXATION-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under ~~the provisions of~~ this chapter, and the
9 moneys in the various funds created under this chapter, are
10 ~~hereby exempt from any tax of the state and shall~~ not be
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and ~~shall be~~ are unassignable except as in
13 this chapter specifically provided.

14 Sec. 2. Section 97B.39, Code 1989, is amended to read as
15 follows:

16 97B.39 RIGHTS NOT TRANSFERABLE ---NOT TAXABLE.

17 The right of any person to any future payment under this
18 chapter ~~shall~~ is not be transferable or assignable, at law or
19 in equity, and ~~none of~~ the moneys paid or payable or rights
20 existing under this chapter ~~shall be~~ are not subject to
21 execution, levy, attachment, garnishment, or other legal
22 process, or to the operation of any bankruptcy or insolvency
23 law. ~~These moneys shall also be exempt from taxation, either~~
24 ~~as income or as personal property.~~

4413

25 Sec. 3. Section 97B.41, subsection 1, paragraph a,
26 unnumbered paragraph 2, Code 1989, is amended to read as
27 follows:

28 Wages for a member of the general assembly means the total
29 compensation received by a member of the general assembly,
30 whether paid in the form of per diem including per diem
31 expenses during session or annual salary, exclusive of other
32 expense and travel allowances paid to a member of the general
33 assembly. Wages includes per diem payments paid to members of
34 the general assembly during interim periods between sessions
35 of the general assembly.

1 Sec. 4. Section 411.13, Code 1989, is amended to read as
2 follows:

3 411.13 EXEMPTION FROM TAX-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under ~~the provisions of~~ this chapter, and the
9 moneys in the various funds created under this chapter, are
10 ~~hereby exempt from any tax of the state and shall~~ not be
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and ~~shall be~~ are unassignable except as in
13 this chapter specifically provided.

14 Sec. 5. Section 422.5, subsection 6, Code 1989, is amended
15 by striking the subsection.

16 Sec. 6. Section 422.5, subsection 7, Code 1989, is amended
17 to read as follows:

18 7. Upon determination of the latest cumulative inflation
19 factor, the director shall multiply each dollar amount set
20 forth in subsection 1, paragraphs "a" and through "i" of this
21 ~~section, and each dollar amount specified in this section as~~
22 ~~the maximum amount of annuities received which may be excluded~~
23 ~~in determining final taxable income,~~ by this cumulative
24 inflation factor, shall round off the resulting product to the
25 nearest one dollar, and shall incorporate the result into the
26 income tax forms and instructions for each tax year.

27 Sec. 7. Section 422.7, subsection 14, Code 1989, is
28 amended by striking the subsection.

4413- 29 Sec. 8. Section 422.7, Code 1989, is amended by adding the
30 following new subsection:

31 NEW SUBSECTION. 19. For a person who is disabled, is
32 sixty-two years of age or older or is the surviving spouse of
33 an individual or survivor having an insurable interest in an
34 individual who would have qualified for the exemption under
35 this paragraph for this tax year, subtract, to the extent

1 included, the total amount of pension, annuity, or retirement
2 allowances received under the peace officers' retirement
3 system under chapter 97A, the Iowa public employees'
4 retirement system under chapter 97B, the Iowa police officers
5 and firefighters retirement system under chapter 411, the
6 judicial retirement system under chapter 602, article 9, and
7 any federal retirement and disability system, as a result of
8 being an officer or employee of the federal government, up to
* 9 a maximum each tax year of eight thousand dollars for a person
10 who files a separate state income tax return and eleven
11 thousand dollars for a husband and wife who file a joint state
12 income tax return. However, a surviving spouse who is not
13 disabled or sixty-two years of age or older can only exclude
14 the amount of annuities received as a result of the death of
15 the other spouse.

16 Sec. 9. Section 602.9109, Code 1989, is amended to read as
17 follows:

18 602.9109 PAYMENT OF ANNUITIES ---~~TAX-EXEMPTION~~.

19 Annuities granted under the terms of this article ~~shall be~~
20 are due and payable in monthly installments on the last
21 business day of each month following the month or other period
22 for which the annuity ~~shall have~~ has accrued and shall
23 continue during the life of the annuitant; and payment of all
24 annuities, refunds, and allowances granted ~~hereunder~~ under
25 this article shall be made by checks or warrants drawn and
26 issued by the director of revenue and finance. Applications
27 for annuities shall be in such form as the director of revenue
28 and finance may prescribe.

29 ~~Annuities granted under this article are exempt from~~
30 ~~taxation either as income or as personal property.~~

24677

31 Sec. 10. This Act applies retroactively to January 1,
32 1989, for tax years beginning on or after that date.

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SENATE FILE 539

H-4407

1 Amend Senate File 539, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 3, by inserting after line 30 the
4 following:

5 "Sec. ____ . IPERS SPECIAL BUY-BACK PROGRAM.

6 1. A person who meets all of the following
7 requirements is eligible for the Iowa public
8 employees' retirement system special buy-back program
9 provided in subsection 2:

10 a. Is an active member of the Iowa public
11 employees' retirement system on the effective date of
12 this section.

13 b. Has at least ten consecutive years of
14 membership service in the Iowa public employees'
15 retirement system immediately preceding the effective
16 date of this section.

17 c. Is at least sixty-two years of age.

18 d. Was a member of the Iowa public employees'
19 retirement system for a period of at least ten
20 consecutive years between January 1, 1964, and
21 December 31, 1974, and received a refund of
22 contributions for that entire period of membership
23 service.

24 2. A person who qualifies pursuant to subsection 1
25 may, not later than August 1, 1989, elect in writing
26 to the department of personnel to make contributions
27 to the system for the period of membership service for
28 which the refund of contributions was made as
29 described in subsection 1, paragraph "d". The
30 contributions repaid by the member shall be equal to
31 the accumulated contributions, as defined in section
32 97B.41, subsection 12, received by the member for the
33 described period of membership service, plus the
34 interest on the contributions that would have accrued
35 from the date of receipt by the member to the date of
36 repayment equal to two percent plus the interest
37 dividend rate applicable for each year compounded
38 annually.

39 3. This section, being deemed of immediate
40 importance, takes effect upon enactment."

41 2. Title page, line 1, by inserting after the
42 word "the" the following: "benefits and".

43 3. By renumbering as necessary.

By STROMER of Hancock

H-4407 FILED MAY 3, 1989

13/85 5/4 (p. 24-25)

SENATE FILE 539

H-4413

1 Amend Senate File 539, as amended, passed, and re-
2 printed by the Senate, as follows:

3 1. Page 1, by striking lines 25 through 35.

4 2. By striking page 2, line 29, through page 3,
line 15.

5 3. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS
TABOR of Jackson, Chairperson

H-4413 FILED MAY 4, 1989

ADOPTED *(p. 24-25)*

SENATE FILE 539
AMENDMENT H-4413 TO SENATE FILE 539
FISCAL NOTE

A fiscal note for H-4413 TO SENATE FILE 539 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

H-4413 to Senate File 539 strikes language that provided that per diem payments to members of the General Assembly during sessions would be included as wages. The amendment also strikes language that provided for an \$11,000 exclusion for married government pension recipients filing a joint return and up to \$8,000 for government pension recipients filing separate returns for currently exempt state pension systems and federal pensions currently qualifying for an exclusion.

Fiscal Effect

The Department estimates that full taxation of government pensions will increase General Fund revenues by \$7.5 to \$9.0 million.

Source: Department of Revenue and Finance

(LSB 2730sv.4, PDD)

FILED MAY 4, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

REPORT OF THE CONFERENCE COMMITTEE
ON SENATE FILE 539

To the President of the Senate and the Speaker of the House
of Representatives:

We, the undersigned members of the conference committee
appointed to resolve the differences between the Senate and
the House of Representatives on Senate File 539, a bill for An
Act relating to the taxation of certain pensions, annuities,
and retirement allowances received for purposes of the state
individual income tax and providing a retroactive
applicability date, respectfully make the following report:

1. That the conference committee is unable to agree.

ON THE PART OF THE SENATE:

WILLIAM DIELEMAN, Chairperson
CHARLES BRUNER
RICHARD DRAKE
JACK NYSTROM
WILLIAM PALMER

ON THE PART OF THE HOUSE:

DAVID TABOR, Chairperson
TONY BISIGNANO
MARVIN DIEMER
MINNETTE DODERER
HUGO SCHNEKLOTH

REPORT OF THE SECOND CONFERENCE COMMITTEE
ON SENATE FILE 539

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the second conference committee appointed to resolve the differences between the Senate and the House of Representatives on Senate File 539, a bill for An Act relating to the taxation of certain pensions, annuities, and retirement allowances received for purposes of the state individual income tax and providing a retroactive applicability date, respectfully make the following report:

1. That the House recedes from its amendment, S-4116.
2. That Senate File 539, as amended, passed, and reprinted by the Senate, is amended as follows:
 1. Page 1, by striking lines 25 through 35.
 2. Page 2, line 32, by striking the word "sixty-two" and inserting the following: "fifty-five".
 3. Page 3, line 9, by striking the words "eight thousand" and inserting the following: "two thousand five hundred".
 4. Page 3, line 10, by striking the word "eleven" and inserting the following: "five".
 5. Page 3, by inserting before line 31 the following:
"Sec. ____ . The legislative council is requested to study, review, and report to the general assembly by January 15, 1990, on the state income taxation of pensions."
 6. Page 3, by inserting after line 32 the following:

"Sec. ____ . Section 8 of this Act is repealed effective January 1, 1990, for tax years beginning on or after that date."

7. By renumbering as necessary.

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

WILLIAM DIELEMAN, Chairperson
RICHARD DRAKE
DONALD E. GETTINGS
JOHN P. KIBBIE
JACK NYSTROM

DAVID TABOR, Chairperson
KAY CHAPMAN
JOHN GRONINGA

Senate adopted 5/6/89 (p. 2075)

CCR-2-

SSB 381

WAYS & MEANS

SENATE FILE 539

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL)

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

A BILL FOR

1 An Act relating to the taxation of certain pensions, annuities,
 2 and retirement allowances received for purposes of the state
 3 individual income tax and providing a retroactive
 4 applicability date.

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

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1 Section 1. Section 97A.12, Code 1989, is amended to read
2 as follows:

3 97A.12 EXEMPTION FROM TAXATION-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under the-provisions-of this chapter, and the
9 moneys in the various funds created under this chapter, are
10 hereby-exempt-from-any-tax-of-the-state-and-shall not be
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and shall-be are unassignable except as in
13 this chapter specifically provided.

14 Sec. 2. Section 97B.39, Code 1989, is amended to read as
15 follows:

16 97B.39 RIGHTS NOT TRANSFERABLE ---NOT-TAXABLE.

17 The right of any person to any future payment under this
18 chapter shall is not be transferable or assignable, at law or
19 in equity, and none-of the moneys paid or payable or rights
20 existing under this chapter shall-be are not subject to
21 execution, levy, attachment, garnishment, or other legal
22 process, or to the operation of any bankruptcy or insolvency
23 law. ~~These-moneys-shall-also-be-exempt-from-taxation,-either~~
24 ~~as-income-or-as-personal-property.~~

25 Sec. 3. Section 97B.41, subsection 1, paragraph a,
26 unnumbered paragraph 2, Code 1989, is amended to read as
27 follows:

28 Wages for a member of the general assembly means the total
29 compensation received by a member of the general assembly,
30 whether paid in the form of per diem including per diem
31 expenses during session or annual salary, exclusive of other
32 expense and travel allowances paid to a member of the general
33 assembly. Wages includes per diem payments paid to members of
34 the general assembly during interim periods between sessions
35 of the general assembly.

1 Sec. 4. Section 411.13, Code 1989, is amended to read as
2 follows:

3 411.13 EXEMPTION FROM TAX-AND EXECUTION.

4 The right of any person to a pension, annuity, or
5 retirement allowance, to the return of contributions, the
6 pension, annuity, or retirement allowance itself, any optional
7 benefit or death benefit, any other right accrued or accruing
8 to any person under ~~the-provisions-of~~ this chapter, and the
9 moneys in the various funds created under this chapter, are
10 ~~hereby-exempt-from-any-tax-of-the-state-and-shall~~ not be
11 subject to execution, garnishment, attachment, or any other
12 process whatsoever, and ~~shall-be~~ are unassignable except as in
13 this chapter specifically provided.

14 Sec. 5. Section 422.5, subsection 6, Code 1989, is amended
15 by striking the subsection.

16 Sec. 6. Section 422.5, subsection 7, Code 1989, is amended
17 to read as follows:

18 7. Upon determination of the latest cumulative inflation
19 factor, the director shall multiply each dollar amount set
20 forth in subsection 1, paragraphs "a" and through "i" of this
21 ~~section,-and-each-dollar-amount-specified-in-this-section-as~~
22 ~~the-maximum-amount-of-annuities-received-which-may-be-excluded~~
23 ~~in-determining-final-taxable-income,~~ by this cumulative
24 inflation factor, shall round off the resulting product to the
25 nearest one dollar, and shall incorporate the result into the
26 income tax forms and instructions for each tax year.

27 Sec. 7. Section 422.7, subsection 14, Code 1989, is
28 amended by striking the subsection.

29 Sec. 8. Section 422.7, Code 1989, is amended by adding the
30 following new subsections:

31 NEW SUBSECTION. 19. Subtract, to the extent included, the
32 total amount of pension, annuity, or retirement allowances
33 received under the peace officers' retirement system under
34 chapter 97A, the Iowa public employees' retirement system
35 under chapter 97B, the Iowa police officers and firefighters

1 retirement system under chapter 411, and the judicial
2 retirement system under chapter 602, article 9, up to a
3 maximum each tax year of eight thousand five hundred dollars
4 for a person who files a separate state income tax return and
5 ten thousand dollars for a husband and wife who file a joint
6 state income tax return.

7 NEW SUBSECTION. 20. Subtract, to the extent included, the
8 total amount of pension, annuity, or retirement allowances
9 received under any federal civil service, military, or
10 judicial retirement and disability system, up to a maximum
11 each tax year of eight thousand five hundred dollars for a
12 person who files a separate state income tax return and ten
13 thousand dollars for a husband and wife who file a joint state
14 income tax return.

15 Sec. 9. Section 602.9109, Code 1989, is amended to read as
16 follows:

17 602.9109 PAYMENT OF ANNUITIES ---TAX-EXEMPTION.

18 Annuities granted under the terms of this article ~~shall be~~
19 are due and payable in monthly installments on the last
20 business day of each month following the month or other period
21 for which the annuity ~~shall have~~ has accrued and shall
22 continue during the life of the annuitant; and payment of all
23 annuities, refunds, and allowances granted ~~hereunder~~ under
24 this article shall be made by checks or warrants drawn and
25 issued by the director of revenue and finance. Applications
26 for annuities shall be in such form as the director of revenue
27 and finance may prescribe.

28 ~~Annuities-granted-under-this-article-are-exempt-from~~
29 ~~taxation-either-as-income-or-as-personal-property.~~

30 Sec. 10. This Act applies retroactively to January 1,
31 1989, for tax years beginning on or after that date.

32 EXPLANATION

33 This bill eliminates the exemption from state income
34 taxation for retirement benefits received under IPERS, peace
35 officers, judicial, police officers, and fire fighters systems

1 of the state. These benefits would be taxed in the same
2 manner as federal retirement programs. This bill provides an
3 exemption from tax for up to \$10,000 for married taxpayers
4 filing a joint return and up to \$8,500 for taxpayers filing a
5 separate return for retirement benefits received from each
6 retirement system, state and federal.

7 The bill also provides that per diem payments paid to
8 members of the general assembly during sessions and during
9 interim periods are included as wages.

10 The bill also eliminates the exclusion of certain federal
11 civil service annuities for disabled persons sixty-two years
12 of age or older and surviving spouses. This bill applies
13 retroactively for tax years beginning on or after January 1,
14 1989.

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than an adjuster licensed in this state for the kinds of business for which the person is acting as an administrator, unless the person holds a current certificate of registration as an administrator issued by the commissioner of insurance. A certificate of registration as an administrator is renewable every three years. Failure to hold a certificate subjects the administrator to the sanctions set out in section 507B.7. The certificate shall be issued by the commissioner to an administrator unless the commissioner, after due notice and hearing, determines that the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation, or has had a previous application for an insurance license denied for cause within the preceding five years.

An application for registration shall be accompanied by a filing fee of one hundred dollars. After notice and hearing, the commissioner may impose any or all of the sanctions set out in section 507B.7, upon finding that either the administrator violated any of the requirements of section 515.134 and sections 515.161 through 515.176, or the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation.

Sec. 15. NEW SECTION. 515.177 WAIVING OF REQUIREMENTS.

The commissioner may waive the requirements of section 515.176 for any person or class of persons. The factors taken into account in granting a waiver shall include, but are not limited to whether:

1. The person acting as an administrator is primarily in a business other than that of administrator.
2. The financial strength and history of the organization indicates stability in its continuity of doing business.
3. The regular duties being performed as an administrator are such that the covered persons are not likely to be injured by a waiver of such requirements.

Approved May 26, 1989

CHAPTER 228
TAXATION OF RETIREMENT MONEYS
S.F. 539

AN ACT relating to the taxation of certain pensions, annuities, and retirement allowances received for purposes of the state individual income tax and providing a retroactive applicability date.

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

Section 1. Section 97A.12, Code 1989, is amended to read as follows:
97A.12 EXEMPTION FROM TAXATION AND EXECUTION.

The right of any person to a pension, annuity, or retirement allowance, to the return of contributions, the pension, annuity, or retirement allowance itself, any optional benefit or death benefit, any other right accrued or accruing to any person under the provisions of this chapter, and the moneys in the various funds created under this chapter, are hereby exempt from any tax of the state and shall not be subject to execution, garnishment, attachment, or any other process whatsoever, and shall be are unassignable except as in this chapter specifically provided.

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Sec. 2. Section 97B.39, Code 1989, is amended to read as follows:
97B.39 RIGHTS NOT TRANSFERABLE — NOT TAXABLE.

The right of any person to any future payment under this chapter shall ~~is not be~~ transferable or assignable, at law or in equity, and none of the moneys paid or payable or rights existing under this chapter shall be are not subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law. ~~These moneys shall also be exempt from taxation, either as income or as personal property.~~

Sec. 3. Section 411.13, Code 1989, is amended to read as follows:
411.13 EXEMPTION FROM TAX AND EXECUTION.

The right of any person to a pension, annuity, or retirement allowance, to the return of contributions, the pension, annuity, or retirement allowance itself, any optional benefit or death benefit, any other right accrued or accruing to any person under the provisions of this chapter, and the moneys in the various funds created under this chapter, are hereby exempt from any tax of the state and shall not be subject to execution, garnishment, attachment, or any other process whatsoever, and shall be are unassignable except as in this chapter specifically provided.

Sec. 4. Section 422.5, subsection 6, Code 1989, is amended by striking the subsection.

Sec. 5. Section 422.5, subsection 7, Code 1989, is amended to read as follows:

7. Upon determination of the latest cumulative inflation factor, the director shall multiply each dollar amount set forth in subsection 1, paragraphs "a" and through "i" of this section, and each dollar amount specified in this section as the maximum amount of annuities received which may be excluded in determining final taxable income, by this cumulative inflation factor, shall round off the resulting product to the nearest one dollar, and shall incorporate the result into the income tax forms and instructions for each tax year.

Sec. 6. Section 422.7, subsection 14, Code 1989, is amended by striking the subsection.

Sec. 7. Section 422.7, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 19. For a person who is disabled, is fifty-five years of age or older or is the surviving spouse of an individual or survivor having an insurable interest in an individual who would have qualified for the exemption under this paragraph for this tax year, subtract, to the extent included, the total amount of pension, annuity, or retirement allowances received under the peace officers' retirement system under chapter 97A, the Iowa public employees' retirement system under chapter 97B, the Iowa police officers and firefighters retirement system under chapter 411, the judicial retirement system under chapter 602, article 9, and any federal retirement and disability system, as a result of being an officer or employee of the federal government, up to a maximum each tax year of two thousand five hundred dollars for a person who files a separate state income tax return and five thousand dollars for a husband and wife who file a joint state income tax return. However, a surviving spouse who is not disabled or sixty-two* years of age or older can only exclude the amount of annuities received as a result of the death of the other spouse.

Sec. 8. Section 602.9109, Code 1989, is amended to read as follows:
602.9109 PAYMENT OF ANNUITIES — TAX EXEMPTION.

Annuities granted under the terms of this article shall be are due and payable in monthly installments on the last business day of each month following the month or other period for which the annuity shall ~~have~~ has accrued and shall continue during the life of the annuitant; and payment of all annuities, refunds, and allowances granted hereunder under this article shall be made by checks or warrants drawn and issued by the director of revenue and finance. Applications for annuities shall be in such form as the director of revenue and finance may prescribe.

Annuities granted under this article are exempt from taxation either as income or as personal property.

*Fifty-five probably intended

Sec. 9. The legislative council is requested to study, review, and report to the general assembly by January 15, 1990, on the state income taxation of pensions.

Sec. 10. This Act applies retroactively to January 1, 1989, for tax years beginning on or after that date.

Sec. 11. Section 7 of this Act is repealed effective January 1, 1990, for tax years beginning on or after that date.

Signed 5-26-89

Approved May 26, 1989

CHAPTER 229

CHILDREN IN NEED OF ASSISTANCE

H.F. 688

AN ACT relating to the protection of children, by providing for the grounds and procedures for child in need of assistance and termination of parental rights proceedings.

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

Section 1. Section 232.2, subsection 1, Code 1989, is amended to read as follows:

1. "Abandonment of a child" means the ~~permanent~~ relinquishment or surrender, without reference to any particular person, of the parental rights, duties, or privileges inherent in the parent-child relationship. Proof of abandonment must include both the intention to abandon and the acts by which the intention is evidenced. The term does not require that the relinquishment or surrender be over any particular period of time.

Sec. 2. Section 232.2, subsection 6, paragraph a, Code 1989, is amended to read as follows:

a. Whose parent, guardian or other custodian has abandoned or deserted the child.

Sec. 3. Section 232.2, subsection 6, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. n. Whose parent's or guardian's mental capacity or condition, imprisonment, or drug or alcohol abuse results in the child not receiving adequate care.

Sec. 4. Section 232.2, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 6A. "Desertion" means the relinquishment or surrender for a period in excess of six months of the parental rights, duties, or privileges inherent in the parent-child relationship. Proof of desertion need not include the intention to desert, but is evidenced by the lack of attempted contact with the child or by only incidental contact with the child.

Sec. 5. Section 232.88, Code 1989, is amended to read as follows:

232.88 SUMMONS, NOTICE, SUBPOENAS AND SERVICES.

After a petition has been filed the court shall issue and serve summons, notice, subpoenas, and other process in the same manner as for adjudicatory hearings in cases of juvenile delinquency as provided in section 232.37.

Sec. 6. Section 232.104, subsection 1, unnumbered paragraph 1, Code 1989, is amended to read as follows:

If custody of a child has been transferred for placement pursuant to section 232.102 placed in foster care for a period of twelve months, or if the prior legal custodian of a child has abandoned efforts to regain custody of the child, the court shall, on its own motion, or upon application by any interested party, including the child's foster parent if the child has been placed

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