

Wayne Thomas 5/16

FILE *SENATE FILE*
BY COMMITTEE ON WAYS AND MEANS

SENATE FILE **530**
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO SSB 258)

Passed Senate, Date 4/29/91 (S. 1520) Passed House, Date _____
Vote: Ayes 42 Nays 3 Vote: Ayes _____ Nays _____

Approved _____
referred to committee (S. 1533)
4/25 5/6/91

A BILL FOR

1 An Act relating to the deduction for individual income tax
2 purposes of part of a governmental pension, annuity or
3 retirement allowance received and providing retroactive and
4 applicability dates.

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

SENATE FILE 530

S-3540

1 Amend Senate File 530 as follows:
2 1. Page 1, by inserting after line 28 the
3 following:
4 "Sec. _____. The provisions of this Act are
5 applicable only to those individuals who retire prior
6 to July 1, 1991."

By H. KAY HEDGE

S-3540 FILED APRIL 23, 1991
File 4/23/91 (S. 1520)

SF 530

15
16
17
18
19
20
21
22
23

1 Section 1. Section 422.7, Code 1991, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. For a person who is disabled, is
4 fifty-five years of age or older, or is the surviving spouse
5 of an individual or survivor having an insurable interest in
6 an individual who would have qualified for the exemption under
7 this subsection for this tax year, subtract, to the extent
8 included, the total amount of pension, annuity, or retirement
9 allowances received under the peace officers' retirement
10 system under chapter 97A, the Iowa public employees'
11 retirement system under chapter 97B, a pension and annuity
12 retirement system for public school teachers under chapter
13 294, a disabled and retired fire fighters and police officers
14 system under chapter 410, the Iowa police officers and fire
15 fighters retirement system under chapter 411, the judicial
16 retirement system under chapter 602, article 9, and any
17 federal retirement and disability system, as a result of being
18 an officer or employee of the federal government, up to a
19 maximum each tax year of two thousand five hundred dollars for
20 a person who files a separate state income tax return and five
21 thousand dollars for a husband and wife who file a joint state
22 income tax return. However, a surviving spouse who is not
23 disabled or fifty-five years of age or older can only exclude
24 the amount of annuities received as a result of the death of
25 the other spouse.

26 Sec. 2. Section 1 of this Act is retroactively applicable
27 to January 1, 1991, and applies to tax years beginning on or
28 after that date and before January 1, 1993.

29 EXPLANATION

30 This bill extends the 1990 tax year exclusion from income
31 tax of retirement benefits received under police, fire
32 fighters, teachers, state employees, judges, and federal
33 government employees retirement systems for the 1991 and 1992
34 income tax years. The present exclusion is repealed for tax
35 years beginning on or after January 1, 1991. The exclusion is

1 equal to \$2,500 for filers of separate returns and \$5,000 for
2 filers of joint returns and applies to individuals who are 55
3 or older, disabled, or surviving spouses of individuals who
4 would have qualified if alive.

5 The bill is retroactively applicable to January 1, 1991.

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

**SENATE FILE 530
FISCAL NOTE**

A fiscal note for Senate File 530 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 530 extends the 1990 tax year exclusion from income tax of retirement benefits received under police, fire fighters, teachers, state employees, judges, and federal government employees retirement systems for the 1991 and 1992 income tax years. Under current law, the exclusion is repealed for tax years beginning on or after January 1, 1991. The exclusion is equal to \$2,500 for filers of separate returns and \$5,000 for filers of joint returns and applies to individuals who are 55 or older, disabled, or surviving spouses of individuals who would have qualified if alive.

The bill is retroactively applicable to January 1, 1991.

Fiscal Effect

Last year the Department of Revenue and Finance estimated that the General Fund would forgo approximately \$8.0 million in revenues as a result of this exclusion. The Department has not updated their estimate but has indicated that the impact could be greater in FY 1992. Legislative tax model runs indicate the impact would be about \$11.0 million.

For purposes of this fiscal note, the amount of revenue to be forgone in FY 1992 is estimated to range from \$8.5 to \$11.0 million, with the midpoint being \$9.8 million.

Sources: Department of Revenue and Finance
Legislative Tax Model

(LSB 2302sv, P00)

FILED APRIL 8, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

DIELEMAN, CH.
HUSAK
HESTER

388 258

WAYS & MEANS

Succeeded By

SENATE FILE SF/HF 530

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON DIELEMAN)

Passed Senate, Date _____

Passed House, Date _____

Vote: Ayes _____ Nays _____

Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the deduction for individual income tax
2 purposes of part of a governmental pension, annuity or
3 retirement allowance received and providing retroactive and
4 applicability dates.

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

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

S.F. _____ H.F. _____

1 Section 1. Section 422.7, Code 1991, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. For a person who is disabled, is
4 fifty-five years of age or older, or is the surviving spouse
5 of an individual or survivor having an insurable interest in
6 an individual who would have qualified for the exemption under
7 this subsection for this tax year, subtract, to the extent
8 included, the total amount of pension, annuity, or retirement
9 allowances received under the peace officers' retirement
10 system under chapter 97A, the Iowa public employees'
11 retirement system under chapter 97B, a pension and annuity
12 retirement system for public school teachers under chapter
13 294, a disabled and retired fire fighters and police officers
14 system under chapter 410, the Iowa police officers and fire
15 fighters retirement system under chapter 411, the judicial
16 retirement system under chapter 602, article 9, and any
17 federal retirement and disability system, as a result of being
18 an officer or employee of the federal government, up to a
19 maximum each tax year of two thousand five hundred dollars for
20 a person who files a separate state income tax return and five
21 thousand dollars for a husband and wife who file a joint state
22 income tax return. However, a surviving spouse who is not
23 disabled or fifty-five years of age or older can only exclude
24 the amount of annuities received as a result of the death of
25 the other spouse.

26 Sec. 2. Section 1 of this Act is retroactively applicable
27 to January 1, 1991, and applies to tax years beginning on or
28 after that date and before January 1, 1993.

29 **EXPLANATION**

30 This bill extends the 1990 tax year exclusion from income
31 tax of retirement benefits received under police, fire
32 fighters, teachers, state employees, judges, and federal
33 government employees retirement systems for the 1991 and 1992
34 income tax years. The present exclusion is repealed for tax
35 years beginning on or after January 1, 1991. The exclusion is

1 equal to \$2,500 for filers of separate returns and \$5,000 for
2 filers of joint returns and applies to individuals who are 55
3 or older, disabled, or surviving spouses of individuals who
4 would have qualified if alive.

5 The bill is retroactively applicable to January 1, 1991.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

1 Section 1. Section 422.7, Code 1991, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. For a person who is disabled, is
4 fifty-five years of age or older, or is the surviving spouse
5 of an individual or survivor having an insurable interest in
6 an individual who would have qualified for the exemption under
7 this subsection for this tax year, subtract, to the extent
8 included, the total amount of pension, annuity, or retirement
9 allowances received under the peace officers' retirement
10 system under chapter 97A, the Iowa public employees'
11 retirement system under chapter 97B, a pension and annuity
12 retirement system for public school teachers under chapter
13 294, a disabled and retired fire fighters and police officers
14 system under chapter 410, the Iowa police officers and fire
15 fighters retirement system under chapter 411, the judicial
16 retirement system under chapter 602, article 9, and any
17 federal retirement and disability system, as a result of being
18 an officer or employee of the federal government, up to a
19 maximum each tax year of two thousand five hundred dollars for
20 a person who files a separate state income tax return and five
21 thousand dollars for a husband and wife who file a joint state
22 income tax return. However, a surviving spouse who is not
23 disabled or fifty-five years of age or older can only exclude
24 the amount of annuities received as a result of the death of
25 the other spouse.

26 Sec. 2. Section 1 of this Act is retroactively applicable
27 to January 1, 1991, and applies to tax years beginning on or
28 after that date and before January 1, 1993.

29 EXPLANATION

30 This bill extends the 1990 tax year exclusion from income
31 tax of retirement benefits received under police, fire
32 fighters, teachers, state employees, judges, and federal
33 government employees retirement systems for the 1991 and 1992
34 income tax years. The present exclusion is repealed for tax
35 years beginning on or after January 1, 1991. The exclusion is