

FILED FEB 22 1973

Rep. Meser 2/23, Pass 2/1

Plymat, Chairman
Curtis
Hilli

Sen. Meser 5/16, Pass 3/27

SENATE FILE 242

By BRILES
(Fisher of Greene)

Senate File 242
(Comp. H. F. 423)

Egenes, Chairman
Bittle
Branstad
Fitzgerald
Rapp

Date 5-14-73 (1233)

Passed House, Date 4-15-74 (1724)

Nays 0

Vote: Ayes 90 Nays 0

Approved 4-25-74

A BILL FOR

1 An Act relating to the taxation of pension and retirement
2 insurance premiums.

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

4 Section 1. Section four hundred thirty-two point one
5 (432.1), subsection one (1), unnumbered paragraph two (2),
6 Code 1973, is amended to read as follows:

7 In determining the gross amount of premiums to be taxed
8 hereunder, there shall be excluded all premiums received from
9 policies or contracts issued in connection with a pension
10 ~~plan, annuity, or profit sharing plan qualified under section~~
11 ~~23(p) or section 165(a) or exempt under sections four hundred~~
12 ~~one (401), four hundred three (403), four hundred four (404),~~
13 ~~or five hundred one (501) (a) of the federal internal revenue~~
14 ~~code as now or hereafter amended and all premiums returned to~~
15 ~~policyholders or annuitants during the preceding calendar~~
16 ~~year, except cash surrender values, all dividends that, during~~
17 ~~said year, have been paid in cash or applied in reduction of~~
18 ~~premiums or left to accumulate to the credit of policyholders~~
19 ~~or annuitants.~~

EXPLANATION

21 The Iowa exemption for pension and retirement insurance
22 premiums was enacted prior to the present codification of the
23 Internal Revenue Code, and is limited to Section 23(p) or
24 Section 165(a). It affords no relief for annuity contracts
25 purchased under Internal Revenue Code, Sections 403 and 501(a).

1 Sections 23(p) and 165.(a) were contained in the 1939 Internal
2 Revenue Code and are now Sections 404 and 401 respectively.
3 Sections 403 and 501(a) were not regulated plans under the
4 1939 Code. Thus, in effect, retirement annuities purchased
5 by nonprofit and public education institutions are subject
6 to taxation while similar or identical contracts purchased
7 by profit-making organizations are not.

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SENATE FILE 242
FISCAL NOTE

Date prepared April 17, 1973

Requested by Senator Curtis.

Prepared in regard to S.F. 242 - An Act relating to the
taxation of pension and retirement insurance premiums.
Following is the fiscal effect in dollars of the legislative
proposal as required by Senate Rule 31.

Revenue to the State general fund would be decreased
by approximately \$120,000 per year.

Source: Insurance Commissioner

Filed
May 1, 1973

GERRY D. RANKIN
Legislative Fiscal Director

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