

FEB 6 1995
WAYS AND MEANS

HOUSE FILE 136
BY DAGGETT

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

A BILL FOR

1 An Act relating to the exemption of pensions, annuities, and
2 retirement allowances received for the purposes of 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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HF 136

1 Section 1. Section 422.7, Code 1995, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 32. For a person who is disabled, or is
4 fifty-five years of age or older, or is the surviving spouse
5 of an individual or a survivor having an insurable interest in
6 an individual who would have qualified for the exemption under
7 this subsection for the tax year, subtract, to the extent
8 included, the total amount of a governmental or other pension,
9 retirement pay, annuity, or other similar periodic payment
10 made under a plan maintained or contributed to by an employer,
11 or maintained or contributed to by a self-employed person as
12 an employer, up to a maximum of seven thousand five hundred
13 dollars for a person who files a separate state income tax
14 return, and up to a maximum of fifteen thousand dollars for a
15 husband and wife who file a joint state income tax return.
16 However, a surviving spouse who is not disabled or fifty-five
17 years of age or older can only exclude the amount of annuities
18 or other similar periodic payments received as a result of the
19 death of the other spouse.

20 Sec. 2. APPLICABILITY. This Act applies retroactively to
21 January 1, 1995, for tax years beginning on or after that
22 date.

23 EXPLANATION

24 This bill allows certain persons to deduct all types of
25 pension income in computing income for state individual income
26 tax purposes. The bill allows a deduction of pension income
27 of up to a maximum of \$7,500 for a person who files a separate
28 return and \$15,000 for a husband and wife who file a joint
29 return.

30 The bill applies retroactively to January 1, 1995, for tax
31 years beginning on or after that date.

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