

JAN 8 1996
WAYS AND MEANS

HOUSE FILE 2027
BY MILLAGE

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

A BILL FOR

1 An Act relating to the amount of retirement income exempt for
2 purposes of state individual income taxation and providing a
3 retroactive applicability date.

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

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HF 2027

1 Section 1. Section 422.7, subsection 34, Code Supplement
2 1995, is amended to read as follows:

3 34. For a person who is disabled, or is fifty-five years
4 of age or older, or is the surviving spouse of an individual
5 or a survivor having an insurable interest in an individual
6 who would have qualified for the exemption under this
7 subsection for the tax year, subtract, to the extent included,
8 the total amount of a governmental or other pension or
9 retirement pay, including, but not limited to, defined benefit
10 or defined contribution plans, annuities, individual
11 retirement accounts, plans maintained or contributed to by an
12 employer, or maintained or contributed to by a self-employed
13 person as an employer, and deferred compensation plans or any
14 earnings attributable to the deferred compensation plans, up
15 to a maximum of ~~three~~ five thousand dollars for a person who
16 files a separate state income tax return and up to a maximum
17 of ~~six~~ ten thousand dollars for a husband and wife who file a
18 joint state income tax return. However, a surviving spouse
19 who is not disabled or fifty-five years of age or older can
20 only exclude the amount of pension or retirement pay received
21 as a result of the death of the other spouse.

22 Sec. 2. This Act applies retroactively to January 1, 1996,
23 for tax years beginning on or after that date.

24 EXPLANATION

25 This bill increases the state individual income tax
26 exemption for retirement income from \$3,000 for individual
27 filers and from \$6,000 for joint return filers to \$5,000 and
28 \$10,000, respectively.

29 The bill applies retroactively to January 1, 1996, for tax
30 years beginning on or after that date.

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