

MAR 14 1995

WAYS AND MEANS

HOUSE FILE 421

BY HARRISON and CORNELIUS

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the taxation of income received from pensions,  
2 annuities, and retirement allowances 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 421

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 one thousand dollars for a  
13 person who files a separate state income tax return, and up to  
14 a maximum of two thousand dollars for a husband and wife who  
15 file a joint state income tax return. However, a surviving  
16 spouse who is not disabled or fifty-five years of age or older  
17 can only exclude the amount of annuities or other similar  
18 periodic payments received as a result of the death of the  
19 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 income tax  
26 purposes. The bill allows a deduction of pension income of up  
27 to a maximum of \$1,000 for a person who files a separate  
28 return and \$2,000 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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