

SENATE FILE 300
BY DELUHERY

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

A BILL FOR

1 An Act relating to the partial exemption of pensions, annuities,
2 and 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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S.F. 300

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 five thousand dollars for a
13 person who files a separate state income tax return, and up to
14 a maximum of ten 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 individual income
26 tax purposes. The bill allows a deduction of pension income
27 of up to a maximum of \$5,000 for a person who files a separate
28 return and \$10,000 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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