

3-9-95 W4 Smeon

FILED MAR 9 1995

SENATE FILE **304**
BY TINSMAN and SZYMONIAK

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

A BILL FOR

1 An Act relating to health care reform by establishing an income
2 tax deduction, and providing an effective date and
3 applicability provision.

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

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S.F. 304

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

3 NEW SUBSECTION. 32. Subtract, to the extent included, the
4 amount of contributions made on behalf of the taxpayer to a
5 medical care savings account and interest earned on moneys in
6 the account if not otherwise withdrawn.

7 Sec. 2. MEDICAL CARE SAVINGS ACCOUNT CONTRIBUTIONS -- CON-
8 TINGENT EFFECT. Section 1 of this Act, which amends section
9 422.7 by adding a new subsection 32, is effective upon the
10 enactment of a federal individual income tax provision
11 authorizing the deduction or exclusion in computing federal
12 adjusted gross income of contributions made on behalf of the
13 taxpayer to a medical care savings account. Section 1 of this
14 Act applies to tax years designated in the federal enactment
15 related to contributions to a medical care savings account.

16 Sec. 3. NOTICE OF EFFECTIVENESS. The director of revenue
17 and finance shall notify the governor, the chairpersons and
18 ranking members of the senate and house committees on ways and
19 means, the Iowa Code editor, and the legislative fiscal bureau
20 when section 1, which amends section 422.7, of this Act
21 becomes effective.

22 EXPLANATION

23 Section 422.7 is amended to allow a deduction for amounts
24 of contributions to a medical care savings account. In
25 addition, the bill allows a deduction from adjusted gross
26 income for the interest earned on a medical care savings
27 account to the extent not withdrawn.

28 The bill provides that the tax deduction established in
29 chapter 422 is effective on the date that similar federal
30 legislation is enacted for the tax years and made effective
31 for federal individual income tax purposes.

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