

2/2/95 Way & Means

FILED FEB 2 1995

SENATE FILE 92
BY VILSACK, SZYMONIAK, and
BARTZ

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

A BILL FOR

1 An Act relating to an individual income tax deduction for amounts
2 paid for health benefits coverage or insurance and providing
3 an effective date provision.

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

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S.F. 92

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 not otherwise
4 deducted in computing adjusted gross income, the amounts paid
5 by the taxpayer for the purchase of health benefits coverage
6 or insurance for the taxpayer or taxpayer's spouse or
7 dependent.

8 Sec. 2. Section 422.9, subsection 2, Code 1995, is amended
9 by adding the following new paragraph:

10 NEW PARAGRAPH. i. If the taxpayer has a deduction for
11 medical care expenses under section 213 of the Internal
12 Revenue Code, the taxpayer shall recompute for the purposes of
13 this subsection the amount of the deduction under section 213
14 by excluding from medical care, as defined in section 213, the
15 amount subtracted under section 422.7, subsection 32.

16 Sec. 3. This Act takes effect January 1, 1996, for tax
17 years beginning on or after that date.

18 EXPLANATION

19 This bill allows for an amount paid by taxpayers for health
20 benefits coverage or insurance for the taxpayer, spouse, or
21 dependent to be subtracted in computing net income for state
22 individual income tax. This bill also provides that the
23 amount of the health expense deduction allowed is not to be
24 used in computing the medical deduction for itemized
25 deductions for state tax purposes.

26 The bill is effective January 1, 1996, for tax years
27 beginning on or after that date.

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