

MAR 4 1998
WAYS AND MEANS

HOUSE FILE 2526
BY DIX

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

A BILL FOR

1 An Act relating to the partial exemption of interest and
2 dividends received and a reduction in the amount of capital
3 gains taxed under the state income taxes and providing
4 effective and applicability date provisions.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

HF 2526

1 Section 1. Section 422.7, Code Supplement 1997, is amended
2 by adding the following new subsections:

3 NEW SUBSECTION. 35. Subtract, to the extent included and
4 to the extent not already deducted by virtue of subsections 1
5 and 2, up to one thousand dollars of the total amount of
6 interest and dividends.

7 NEW SUBSECTION. 36. Subtract, to the extent not otherwise
8 excluded, fifteen percent of the taxpayer's net capital gain
9 as defined in section 1222 of the Internal Revenue Code.

10 Sec. 2. Section 422.35, Code Supplement 1997, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 18. Subtract, to the extent not otherwise
13 excluded, fifteen percent of the taxpayer's net capital gain
14 as defined in section 1222 of the Internal Revenue Code.

15 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,
16 being deemed of immediate importance, takes effect upon
17 enactment, and applies retroactively to January 1, 1998, for
18 tax years beginning on or after that date.

19 EXPLANATION

20 The bill allows individuals to deduct up to \$1,000 of
21 taxable interest and dividends in computing their state
22 individual income tax.

23 The bill also allows individuals and corporations to
24 subtract 15 percent of their net capital gain in computing
25 their state individual income tax or corporate income tax.

26 The bill takes effect upon enactment and applies
27 retroactively to January 1, 1998, for tax years beginning on
28 or after that date.

29

30

31

32

33

34

35