

JAN 15 1997  
WAYS AND MEANS

HOUSE FILE 32  
BY MARTIN, BRADLEY, HOLMES,  
VAN FOSSEN, MILLAGE, JENKINS,  
HAHN, and BRAUNS

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the taxation of pensions, annuities, and  
2 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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HF 32

1 Section 1. Section 422.7, subsection 34, Code 1997, is  
2 amended to read as follows:

3 34. For a person who is disabled, or is fifty-five years  
4 of age or older, or is the surviving spouse of an individual  
5 or a survivor having an insurable interest in an individual  
6 who would have qualified for the exemption under this  
7 subsection for the tax year, subtract, to the extent included,  
8 the total amount of a governmental or other pension or  
9 retirement pay, including, but not limited to, defined benefit  
10 or defined contribution plans, annuities, individual  
11 retirement accounts, plans maintained or contributed to by an  
12 employer, or maintained or contributed to by a self-employed  
13 person as an employer, and deferred compensation plans or any  
14 earnings attributable to the deferred compensation plans, up  
15 to a maximum of ~~three~~ six thousand dollars for a person who  
16 files a separate state income tax return for a tax year  
17 beginning in the 1997 calendar year, and up to a maximum of  
18 ~~six~~ twelve thousand dollars for a husband and wife who file a  
19 joint state income tax return for a tax year beginning in the  
20 1997 calendar year. For tax years beginning on or after  
21 January 1, 1998, for a person who files a separate state  
22 income tax return or for a husband and wife who file a joint  
23 state income tax return, subtract, to the extent included, the  
24 total amount of a governmental or other pension or retirement  
25 pay, including, but not limited to, defined benefit or defined  
26 contribution plans, annuities, individual retirement accounts,  
27 plans maintained or contributed to by an employer, or  
28 maintained or contributed to by a self-employed person as an  
29 employer, and deferred compensation plans or any earnings  
30 attributable to the deferred compensation plans. However, a  
31 surviving spouse who is not disabled or fifty-five years of  
32 age or older can only exclude the amount of pension or  
33 retirement pay received as a result of the death of the other  
34 spouse.

35 Sec. 2. APPLICABILITY. This Act applies retroactively to

1 January 1, 1997, for tax years beginning on or after that  
2 date.

3 EXPLANATION

4 This bill allows certain persons to deduct all types of  
5 pension income in computing income for tax purposes. For a  
6 tax year beginning in the 1997 calendar year, the bill allows  
7 a deduction of pension income of up to a maximum of \$6,000 for  
8 a person who files a separate return and \$12,000 for a husband  
9 and wife who file a joint return. For tax years beginning on  
10 or after January 1, 1998, the total amount of pension income  
11 may be deducted for a person who files a separate return or  
12 for a husband and wife who file a joint return.

13 This exemption for pension income applies retroactively to  
14 tax years beginning on or after January 1, 1997.

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