

MAR 19 1997
WAYS AND MEANS

HOUSE FILE 699
BY JENKINS

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

A BILL FOR

1 An Act providing a partial exemption for retirement income for
2 purposes of state individual income tax and providing a
3 retroactive applicability date.

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

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HT 699

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 the greater of fifty percent of such income
16 received for the tax year or three thousand dollars for a
17 person who files a separate state income tax return and up to
18 a maximum of the greater of fifty percent of such income
19 received for the tax year or six thousand dollars for a
20 husband and wife who file a joint state income tax return.
21 However, a surviving spouse who is not disabled or fifty-five
22 years of age or older can only exclude the amount of pension
23 or retirement pay received as a result of the death of the
24 other spouse.

25 Sec. 2. APPLICABILITY. This Act applies retroactively to
26 January 1, 1997, for tax years beginning on or after that
27 date.

28 EXPLANATION

29 This bill allows certain persons to deduct a specified
30 amount of pension income in computing income for state
31 individual income tax purposes. The bill provides that a
32 person filing a separate tax return may deduct the greater of
33 \$3,000 or 50 percent of pension income received for the year
34 and a husband and wife who file a joint tax return may deduct
35 the greater of \$6,000 or 50 percent of pension income received

1 for the year.

2 The bill applies retroactively to tax years beginning on or
3 after January 1, 1997.

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