

FEB 9 1999
WAYS AND MEANS

HOUSE FILE 252
BY SHOULTZ, JOCHUM, OSTERHAUS,
RICHARDSON, and FREVERT

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

A BILL FOR

1 An Act eliminating the deduction for federal income taxes paid
2 and decreasing the tax rates under the individual income tax
3 and including a retroactive applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 252

1 Section 1. Section 422.5, subsection 1, paragraphs a
2 through i, Code 1999, are amended to read as follows:

3 ~~a. On all taxable income from zero through one thousand~~
4 ~~dollars, thirty-six hundredths of one percent.~~

5 b. a. On all taxable income exceeding ~~one thousand dollars~~
6 ~~but not exceeding~~ from zero through two thousand dollars,
7 ~~seventy-two~~ fifty-four hundredths of one percent.

8 c. b. On all taxable income exceeding two thousand dollars
9 but not exceeding four thousand dollars, ~~two~~ one and ~~forty-~~
10 ~~three-hundredths~~ eight-tenths percent.

11 d. c. On all taxable income exceeding four thousand
12 dollars but not exceeding nine thousand dollars, four and ~~one-~~
13 ~~half~~ five hundredths percent.

14 e. d. On all taxable income exceeding nine thousand
15 dollars but not exceeding fifteen thousand dollars, ~~six~~ five
16 and ~~twelve~~ fifty-eight hundredths percent.

17 f. e. On all taxable income exceeding fifteen thousand
18 dollars but not exceeding twenty thousand dollars, six and
19 ~~forty-eight~~ twelve hundredths percent.

20 g. f. On all taxable income exceeding twenty thousand
21 dollars but not exceeding thirty thousand dollars, six and
22 ~~eight-tenths~~ three-tenths percent.

23 h. g. On all taxable income exceeding thirty thousand
24 dollars but not exceeding forty-five thousand dollars, ~~seven~~
25 ~~six~~ and ~~ninety-two~~ thirty-nine hundredths percent.

26 i. h. On all taxable income exceeding forty-five thousand
27 dollars but not exceeding one hundred thirty-two thousand
28 dollars, eight six and ~~ninety-eight~~ forty-eight hundredths
29 percent.

30 i. On all income exceeding one hundred thirty-two thousand
31 dollars, six and seventy-five hundredths percent.

32 Sec. 2. Section 422.9, subsection 1, Code 1999, is amended
33 to read as follows:

34 1. An optional standard deduction, after deduction of
35 federal income tax, equal to one thousand two hundred thirty

1 dollars for a married person who files separately or a single
2 person or equal to three thousand thirty dollars for a husband
3 and wife who file a joint return, a surviving spouse, or an
4 unmarried head of household. The optional standard deduction
5 shall not exceed the amount remaining after deduction of the
6 federal income tax. The amount of federal income taxes
7 deducted shall not exceed the amount as computed under
8 subsection 2, paragraph "b".

9 Sec. 3. Section 422.9, subsection 2, paragraph b, Code
10 1999, is amended by striking the paragraph and inserting in
11 lieu thereof the following:

12 b. Add the amount of federal income taxes paid with the
13 federal return or as a result of an adjustment to a federal
14 return for tax years ending prior to January 1, 1999.

15 Subtract the amount of federal income tax refunds received for
16 a tax year to the extent that the federal income tax was
17 deducted in a previous tax year.

18 Sec. 4. This Act applies retroactively to January 1, 1999,
19 for tax years beginning on or after that date.

20 EXPLANATION

21 The bill eliminates the deduction for federal income taxes
22 paid from the individual income tax and adjusts the income tax
23 rates downward to offset the effect of the elimination of the
24 deduction for federal income taxes.

25 The bill applies retroactively to January 1, 1999, for tax
26 years beginning on or after that date.

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