

FILED FEB 4 1999

SENATE FILE 100

BY TINSMAN and RITTMER

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing an exemption from state individual income tax  
2 for pension and retirement income and providing a retroactive  
3 applicability date.

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

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**SF 100**  
WAYS & MEANS

1 Section 1. Section 422.7, subsection 31, Code 1999, is  
2 amended to read as follows:

3 31. 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 five thousand dollars for a person, other than~~  
16 ~~a husband or wife, who files a separate state income tax~~  
17 ~~return and up to a maximum of ten thousand dollars for a~~  
18 ~~husband and wife who file a joint state income tax return.~~  
19 However, a surviving spouse who is not disabled or fifty-five  
20 years of age or older can only exclude the amount of pension  
21 or retirement pay received as a result of the death of the  
22 other spouse. ~~A husband and wife filing separate state income~~  
23 ~~tax returns or separately on a combined state return are~~  
24 ~~allowed a combined maximum exclusion under this subsection of~~  
25 ~~up to ten thousand dollars. The ten thousand dollar exclusion~~  
26 ~~shall be allocated to the husband or wife in the proportion~~  
27 ~~that each spouse's respective pension and retirement pay~~  
28 ~~received bears to total combined pension and retirement pay~~  
29 ~~received.~~

30 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies  
31 retroactively to January 1, 1999, for tax years beginning on  
32 or after that date.

33 EXPLANATION

34 This bill excludes from income for purposes of the state  
35 individual income tax all pension and retirement pay received

1 by a taxpayer who is disabled or 55 years of age or older, or  
2 a qualifying surviving spouse or other qualifying survivor of  
3 such a taxpayer.

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

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