

FILED FEB 10 1999

SENATE FILE 133

BY REDWINE, SCHUERER, GASKILL,  
LAMBERTI, SEXTON, MILLER,  
KING, MCKIBBEN, REHBERG, and  
BEHN

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

**A BILL FOR**

1 An Act reducing the state individual income tax by ten percent  
2 and including a retroactive applicability date provision.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF 133  
WAYS & MEANS

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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~~ thirty-two hundredths of one percent.

5 b. On all taxable income exceeding one thousand dollars  
6 but not exceeding two thousand dollars, ~~seventy-two~~ sixty-five  
7 hundredths of one percent.

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

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

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

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

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

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

26 i. On all taxable income exceeding forty-five thousand  
27 dollars, eight and ~~ninety-eight~~ eight hundredths percent.

28 Sec. 2. This Act applies retroactively to January 1, 1999,  
29 for tax years beginning on or after that date.

30 EXPLANATION

31 The bill reduces the individual income tax rates by 10  
32 percent. The lowest and highest rates under current law are  
33 .36 percent and 8.98 percent, respectively. The bill reduces  
34 these rates to .32 percent and 8.08 percent, respectively.  
35 The rate of the state alternative minimum tax is also

1 effectively reduced by the reduction in rates since the  
2 alternative rate is set at 75 percent of the highest  
3 individual rate, rounded to the nearest one-tenth of 1  
4 percent. Thus this rate is reduced from 6.7 percent to 6.1  
5 percent.

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

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