

FILED JAN 11 1993

SENATE FILE 2

BY TINSMAN

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

A BILL FOR

1 An Act relating to the exemption from state individual income tax
 2 for pension or retirement income received and providing a
 3 retroactive applicability date.

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

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SF 2
 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~~ ten thousand dollars for a person, other
16 than a husband or wife, who files a separate state income tax
17 return and up to a maximum of ~~ten~~ twenty thousand dollars for
18 a 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. This Act applies retroactively to January 1, 1999,
31 for tax years beginning on or after that date.

32 EXPLANATION

33 This bill increases the state individual income tax
34 exemption for pension or retirement income from \$5,000 for
35 individual filers and from \$10,000 for joint return filers to

1 \$10,000 and \$20,000, respectively.

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

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