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SENATE FILE 2170

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SHEARER, SOUKUP, JUDGE, and  
GRONSTAL

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

**A BILL FOR**

1 An Act relating to the increase in the pension and retirement  
2 income deduction under the individual income tax and including  
3 an effective and retroactive applicability date provision.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF 2170  
WAYS & MEANS

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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~~ six 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~~ twelve 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~~ twelve thousand dollars. The ~~ten~~ twelve thousand  
26 dollar exclusion shall be allocated to the husband or wife in  
27 the proportion that each spouse's respective pension and  
28 retirement pay received bears to total combined pension and  
29 retirement pay received.

30 Sec. 2. EFFECTIVE AND APPLICABILITY DATES. This Act,  
31 being deemed of immediate importance, takes effect upon  
32 enactment and applies retroactively to January 1, 2000, for  
33 tax years beginning on or after that date.

34 EXPLANATION

35 This bill increases the pension and retirement income

1 deduction from \$5,000 for single filers and \$10,000 for  
2 married persons to \$6,000 and \$12,000 respectively. The bill  
3 is retroactively applicable to January 1, 2000, for tax years  
4 beginning on or after that date.

5 The bill takes effect upon enactment.

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