

FILED FEB 25 1999

SENATE FILE

242

BY DELUHERY

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act exempting from the state individual income tax pension and
2 retirement income and providing a retroactive applicability
3 date.

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

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SF 242
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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