

Senate Study Bill 1216

Bill Text

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1 1 Section 1. INCOME TAX SIMPLIFICATION PROPOSAL.
1 2 1. In its aim to simplify the Iowa individual income tax
1 3 system, the general assembly hereby directs the department of
1 4 revenue and finance, in consultation with the legislative
1 5 fiscal bureau, to submit to the legislative service bureau no
1 6 later than October 1, 1999, a proposal addressing the
1 7 simplification of the Iowa individual income tax system with
1 8 procedures for the implementation of the proposal for tax
1 9 years beginning on or after January 1, 2000. In drafting the
1 10 simplification proposal the following guidelines shall be
1 11 followed:
1 12 a. Federal adjusted gross income shall be used as the
1 13 starting point for computing state income tax.
1 14 b. Any income tax change shall hold taxpayers harmless,
1 15 i.e., no taxpayer should have an increase in tax liability
1 16 over that under the present system.
1 17 c. The progressivity of the present Iowa individual income
1 18 tax system shall be maintained.
1 19 d. The current provisions providing for the elimination of
1 20 the marriage penalty shall be maintained. The current married
1 21 filing separately option should be replaced by a two-earner
1 22 credit table that maintains the progressivity of the Iowa
1 23 individual income tax system.
1 24 e. The number of income tax brackets should be reduced to
1 25 not more than five.
1 26 2. Upon receipt of the simplification proposal by the
1 27 legislative service bureau from the department of revenue and
1 28 finance, the legislative service bureau shall draft the
1 29 proposal in proper study bill form for each standing committee
1 30 on ways and means denoting that the study bill is proposed by
1 31 the department of revenue and finance pursuant to this Act.
1 32 As soon as possible, the bureau shall send copies of the
1 33 simplification proposal in study bill form to the chairpersons
1 34 and ranking members of the standing committees on ways and
1 35 means. The study bill shall be drafted in time for the
2 1 beginning of the 2000 regular session of the general assembly.

2 2 EXPLANATION

2 3 This bill directs the department of revenue and finance, in
2 4 consultation with the legislative fiscal bureau, to submit a
2 5 proposal addressing the simplification of Iowa's individual
2 6 income tax system. Guidelines are set for the department and
2 7 include: beginning with federal adjusted gross income,
2 8 maintaining progressivity of the system, not increasing tax
2 9 liability from the present system, maintaining the provisions
2 10 that eliminate the marriage penalty, establishing a two-earner
2 11 credit table in lieu of the current married filing separately
2 12 option, and reducing tax rate brackets to not more than five.
2 13 The legislative service bureau will draft the proposal as a
2 14 study bill for the standing committees on ways and means.
2 15 LSB 1369SC 78
2 16 mg/jw/5