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SENATE FILE

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BY REHBERG, SCHUERER, BEHN,
and KING

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

A BILL FOR

1 An Act exempting social security benefits from the state
2 individual income tax and including a retroactive
3 applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SF 40
WAYS & MEANS

1 Section 1. Section 422.7, subsection 13, Code 2001, is
2 amended to read as follows:

3 13. Subtract, to the extent included, the amount of
4 additional social security benefits taxable under the Internal
5 Revenue Code for tax years beginning on or after January 1,
6 1994, but before January 1, 2001. The amount of social
7 security benefits taxable as provided in section 86 of the
8 Internal Revenue Code, as amended up to and including January
9 1, 1993, continues to apply for state income tax purposes for
10 tax years beginning on or after January 1, 1994, but before
11 January 1, 2001. Married taxpayers, who file a joint federal
12 income tax return and who elect to file separate returns or
13 who elect separate filing on a combined return for state
14 income tax purposes, shall allocate between the spouses the
15 amount of benefits subtracted from net income in the ratio of
16 the social security benefits received by each spouse to the
17 total of these benefits received by both spouses.

18 Subtract, to the extent included, the amount of social
19 security benefits taxable under the Internal Revenue Code for
20 tax years beginning on or after January 1, 2001.

21 Sec. 2. APPLICABILITY DATE. This Act applies
22 retroactively to January 1, 2001, for tax years beginning on
23 or after that date.

24 EXPLANATION

25 The bill exempts from the state individual income tax all
26 social security benefits received by the taxpayer. The bill
27 applies retroactively to January 1, 2001, for tax years
28 beginning on or after that date.

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