

**House Study Bill 228 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

**A BILL FOR**

1 An Act increasing the exclusion from the calculation of  
2 net income for pensions and other retirement benefits,  
3 increasing the eligible age for the exclusion, and including  
4 retroactive applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsection 31, Code 2011, is  
2 amended to read as follows:

3 31. For a person who is disabled, or is ~~fifty-five~~  
4 sixty-five years of age or older, or is the surviving spouse  
5 of an individual or a survivor having an insurable interest  
6 in an individual who would have qualified for the exemption  
7 under this subsection for the tax year, subtract, to the extent  
8 included, the total amount of a governmental or other pension  
9 or retirement pay, including, but not limited to, defined  
10 benefit 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 six thousand dollars for a person, other than a~~  
16 ~~husband or wife, who files a separate state income tax return~~  
17 ~~and up to a maximum of twelve thousand dollars for a husband~~  
18 ~~and wife who file a joint state income tax return. However, a~~  
19 ~~surviving spouse who is not disabled or fifty-five years of age~~  
20 ~~or older can only exclude the amount of pension or retirement~~  
21 ~~pay received as a result of the death of the other spouse. A~~  
22 ~~husband and wife filing separate state income tax returns or~~  
23 ~~separately on a combined state return are allowed a combined~~  
24 ~~maximum exclusion under this subsection of up to twelve~~  
25 ~~thousand dollars. The twelve thousand dollar exclusion shall~~  
26 ~~be allocated to the husband or wife in the proportion that each~~  
27 ~~spouse's respective pension and retirement pay received bears~~  
28 ~~to total combined pension and retirement pay received.~~

29 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies  
30 retroactively to January 1, 2011, for tax years beginning on  
31 or after that date.

32 EXPLANATION

33 This bill increases the amount of the income exclusion for  
34 governmental or other pension or retirement pay to the full  
35 amount of such benefits includable in income for state tax

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1 purposes and raises the age at which the exclusion is available  
2 from 55 years of age to 65 years of age.

3 The bill applies retroactively to January 1, 2011, for tax  
4 years beginning on or after that date.