

Senate File 2049 - Introduced

SENATE FILE 2049

BY ERNST

A BILL FOR

1 An Act providing an exemption from the computation of the state
2 individual income tax of all pay, including retirement pay,
3 received from the federal government for military service
4 and including retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code Supplement 2011, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 31A. *a.* Subtract, to the extent included,
4 retirement pay received by the taxpayer from the federal
5 government for military service performed in the armed forces,
6 the armed forces military reserve, or national guard.

7 *b.* The exclusion of retirement pay under this subsection is
8 in addition to any exclusion provided under subsection 31.

9 Sec. 2. Section 422.7, subsection 42A, Code Supplement
10 2011, is amended to read as follows:

11 42A. Subtract, to the extent included, all pay received by
12 the taxpayer from the federal government for military service
13 ~~performed while on active duty status~~ in the armed forces, the
14 armed forces military reserve, or the national guard.

15 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to January 1, 2012, for tax years beginning on
17 or after that date.

18 EXPLANATION

19 This bill exempts from the individual income tax all pay,
20 including retirement pay, received by a taxpayer from the
21 federal government for military service in the armed forces,
22 the armed forces military reserve, or national guard.

23 The bill applies retroactively to January 1, 2012, for tax
24 years beginning on or after that date.