

Senate File 2206 - Introduced

SENATE FILE 2206

BY CHELGREN

A BILL FOR

1 An Act providing an exemption from the computation of net
2 income for the individual state income tax of all social
3 security benefits and including retroactive applicability
4 provisions.

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

1 Section 1. Section 422.7, subsection 13, Code Supplement
2 2011, is amended by striking the subsection and inserting in
3 lieu thereof the following:

4 13. Subtract, to the extent included, the amount of social
5 security benefits taxable under section 86 of the Internal
6 Revenue Code.

7 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
8 retroactively to January 1, 2012, for tax years beginning on
9 or after that date.

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EXPLANATION

11 This bill relates to the state taxation of social security
12 benefits. Under current law, 23 percent of a taxpayer's social
13 security benefits are taxable in this state for tax year 2012.
14 The taxable amount is set to be reduced to 11 percent in 2013
15 and then completely phased out in 2014.

16 The bill provides that for tax years beginning on or after
17 January 1, 2012, 100 percent of a taxpayer's social security
18 benefits are exempt from the state individual income tax.

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