

Senate File 290 - Introduced

SENATE FILE 290

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A BILL FOR

1 An Act relating to the exclusion of certain unemployment
2 compensation from the individual income tax, and including
3 effective date and retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 63. *a.* Subtract, to the extent included,
4 the first ten thousand two hundred dollars of state or
5 federal unemployment compensation benefits including any
6 pandemic-related unemployment compensation benefits received
7 by the taxpayer for a tax year beginning on or after January 1,
8 2020, but before January 1, 2021.

9 *b.* This subsection is repealed January 1, 2026.

10 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
11 importance, takes effect upon enactment.

12 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
13 retroactively to January 1, 2020, for tax years beginning on or
14 after that date, but before January 1, 2021.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill relates to the exclusion of certain unemployment
19 compensation from the individual income tax.

20 Under the bill, the first \$10,200 of state or federal
21 unemployment compensation, including pandemic-related
22 unemployment compensation, shall be excluded from the
23 calculation of a taxpayer's Iowa net income for purposes of the
24 state individual income tax.

25 The bill takes effect upon enactment and applies
26 retroactively to January 1, 2020, for tax years beginning on or
27 after that date but before January 1, 2021.