

House File 2160 - Introduced

HOUSE FILE 2160

BY STAED, WILBURN, KURTH,
AMOS JR., CAHILL,
STECKMAN, LEVIN, MADISON,
CROKEN, JACOBY, KRESSIG,
BROWN-POWERS, and WILSON

A BILL FOR

1 An Act excluding from the individual income tax certain direct
2 trustee-to-trustee transfers from educational savings plan
3 trust accounts to Roth individual retirement accounts, and
4 including retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, subsection 22, paragraph c,
2 subparagraph (1), Code 2024, is amended by adding the following
3 new subparagraph division:

4 NEW SUBPARAGRAPH DIVISION. (g) A direct trustee-to-trustee
5 transfer to a Roth individual retirement account in accordance
6 with section 529(c)(3)(E) of the Internal Revenue Code, as
7 enacted by the federal Consolidated Appropriations Act, 2023,
8 Pub. L. No. 117-328.

9 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
10 retroactively to January 1, 2024, for tax years beginning on
11 or after that date.

12 EXPLANATION

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

15 Under the federal Consolidated Appropriations Act, 2023,
16 Pub. L. No. 117-328, transfers from a 529 educational account
17 to a Roth individual retirement account beneficiary are exempt
18 from federal taxation, subject to Roth contribution limits
19 and the aggregate lifetime limit of \$35,000, and if the 529
20 educational account has existed for at least 15 years. This
21 bill also makes such a transfer exempt from state individual
22 income taxation.

23 The bill applies retroactively to tax years beginning on or
24 after January 1, 2024.