

House Study Bill 745 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to public safety personnel retirement systems,
2 the taxation of surviving spouse pension benefits, and
3 including retroactive applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

CIVIL SERVICE EVALUATIONS — MUNICIPAL FIRE AND POLICE
RETIREMENT SYSTEM — CERTAIN BENEFITS

Section 1. Section 400.8, subsection 1, Code 2024, is amended to read as follows:

1. The commission, when necessary under the rules, including minimum and maximum age limits, which shall be prescribed and published in advance by the commission and posted in the city hall, shall hold examinations for the purpose of determining the qualifications of applicants for positions under civil service, other than promotions, which examinations shall be practical in character and shall relate to matters which will fairly test the mental and physical ability of the applicant to discharge the duties of the position to which the applicant seeks appointment. The physical examination and mental health evaluation of applicants for appointment to the positions of police officer, ~~police matron~~, or fire fighter shall be held in accordance with medical protocols established by the board of trustees of the fire and police retirement system established by [section 411.5](#) and shall be conducted in accordance with the directives of the board of trustees. However, the prohibitions of section 216.6, subsection 1, paragraph "d", regarding tests for the presence of the antibody to the human immunodeficiency virus shall not apply to such examinations. The board of trustees may change the medical protocols at any time the board so determines. In the event of a conflict between the medical protocols established under [this section](#) and the minimum entrance requirements of the Iowa law enforcement academy under section 80B.11, the medical protocols established under this section shall control. The physical examination and mental health evaluation of an applicant for the position of police officer, ~~police matron~~, or fire fighter shall be conducted after a conditional offer of employment has been made to the applicant. An applicant shall not be discriminated against

1 on the basis of height, weight, sex, or race in determining
2 physical or mental ability of the applicant. Reasonable rules
3 relating to strength, agility, and general health of applicants
4 shall be prescribed. The costs of the physical examination and
5 the mental health evaluation required under this subsection
6 shall be paid from the trust and agency fund of the city.

7 Sec. 2. Section 411.1, subsection 14, Code 2024, is amended
8 by striking the subsection and inserting in lieu thereof the
9 following:

10 14. "*Member in good standing*" means any member in service
11 who has not been terminated by the employing city of the
12 member pursuant to section 400.18 or 400.19. Termination
13 procedures initiated by the chief of police or chief of the
14 fire department pursuant to section 400.19 shall not become
15 final or adversely impact a member's status as a member in
16 good standing until all appeals provided by an applicable
17 collective bargaining agreement or by law have been exhausted.
18 Disciplinary action other than discharge shall not adversely
19 affect a member's status as a member in good standing.

20 Sec. 3. Section 411.1, Code 2024, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 15A. "*Ordinary disability beneficiary*"
23 means a member retired on an ordinary disability retirement
24 benefit pursuant to section 411.6, subsection 3, for three
25 years or less.

26 Sec. 4. Section 411.6, subsection 5, paragraphs a and b,
27 Code 2024, are amended to read as follows:

28 a. Upon application to the system, of a member in good
29 standing, of an ordinary disability beneficiary, or of the
30 chief of the police or fire departments, respectively, any
31 member in good standing or ordinary disability beneficiary
32 who has become totally and permanently incapacitated for duty
33 as the natural and proximate result of an injury or disease
34 incurred in or aggravated by the actual performance of duty
35 at some definite time and place or arising out of and in the

1 course of employment, or while acting, pursuant to order,
2 outside of the city by which the member is regularly employed,
3 shall be retired by the system, or may have a retirement
4 for an ordinary disability converted to a retirement for an
5 accidental disability, if the medical board certifies that
6 the member or ordinary disability beneficiary is mentally or
7 physically incapacitated for further performance of duty,
8 that the incapacity is likely to be permanent, and that the
9 member should be retired or should have a retirement for an
10 ordinary disability converted to a retirement for an accidental
11 disability. However, if a person's membership in the system
12 first commenced on or after July 1, 1992, the member or
13 ordinary disability beneficiary shall not be eligible for
14 benefits with respect to a disability which would not exist,
15 but for a medical condition that was known to exist on the
16 date that membership commenced. A medical condition shall be
17 deemed to have been known to exist on the date that membership
18 commenced if the medical condition is reflected in any record
19 or document completed or obtained in accordance with the
20 system's medical protocols pursuant to [section 400.8](#), or in any
21 other record or document obtained pursuant to an application
22 for disability benefits from the system, if such record or
23 document existed prior to the date membership commenced. A
24 member who is denied a benefit under [this subsection](#), by
25 reason of a finding by the medical board that the member is
26 not mentally or physically incapacitated for the further
27 performance of duty, shall be entitled to be restored to active
28 service in the same position held immediately prior to the
29 application for disability benefits.

30 *b.* If a member in service or the chief of the police or
31 fire departments becomes incapacitated for duty as a natural
32 or proximate result of an injury or disease incurred in or
33 aggravated by the actual performance of duty ~~at some definite~~
34 ~~time or place~~ or arising out of or in the course of the
35 employment, or while acting, pursuant to order, outside the

1 city by which the member is regularly employed, the member,
2 upon being found to be temporarily incapacitated following a
3 medical examination as directed by the city, is entitled to
4 receive the member's full pay and allowances from the city's
5 general fund or trust and agency fund until reexamined as
6 directed by the city and found to be fully recovered or until
7 the city determines that the member is likely to be permanently
8 disabled. If the temporary incapacity of a member continues
9 more than sixty days, or if the city expects the incapacity
10 to continue more than sixty days, the city shall notify the
11 system of the temporary incapacity. Upon notification by a
12 city, the system may refer the matter to the medical board for
13 review and consultation with the member's treating physician
14 during the temporary incapacity. Except as provided by this
15 paragraph, the board of trustees of the statewide system has no
16 jurisdiction over these matters until the city determines that
17 the disability is likely to be permanent.

18 Sec. 5. Section 411.6, subsection 5, Code 2024, is amended
19 by adding the following new paragraph:

20 NEW PARAGRAPH. *od.* To establish that a mental incapacity
21 occurred as the natural and proximate result of an injury or
22 disease incurred in or aggravated by the actual performance of
23 duty or arising out of and in the course of the employment, or
24 while acting, pursuant to order, outside of the city by which
25 the member is regularly employed, the member must demonstrate
26 that the mental incapacity is traceable to a readily
27 identifiable work event constituting a manifest happening of
28 a sudden traumatic nature from an unexpected cause or unusual
29 strain in the workplace. Whether an incident is traumatic,
30 unexpected, or unusual is determined by comparing the incident,
31 and not the effect on the member, to the experiences of other
32 police officers or fire fighters in Iowa. A member must be
33 able to trace their mental injury to a specific event or events
34 in the workplace to be eligible for accidental disability
35 benefits.

1 Sec. 6. Section 411.6, subsection 6, Code 2024, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *d.* (1) Upon a determination on or after
4 July 1, 2024, that an ordinary disability beneficiary is
5 entitled to a retirement for accidental disability, the
6 beneficiary shall receive an accidental disability retirement
7 allowance which shall consist of a pension in an amount that is
8 equal to the greater of sixty percent of the member's average
9 final compensation or the retirement allowance that the member
10 would receive under subsection 2 if the member had attained
11 fifty-five years of age, or an amount equal to the ordinary
12 disability retirement allowance previously received by the
13 beneficiary, whichever is greater.

14 (2) An accidental disability allowance under this paragraph
15 shall commence effective the first day of the first month
16 following the determination that the ordinary disability
17 beneficiary is entitled to a retirement for accidental
18 disability.

19 Sec. 7. Section 411.6, subsection 9, paragraph a,
20 subparagraph (1), Code 2024, is amended to read as follows:

21 (1) If, upon the receipt of evidence and proof from the
22 chief of the police or fire department that the death of a
23 member in service was the natural and proximate result of an
24 injury or disease incurred in or aggravated by the actual
25 performance of duty at some definite time and place or arising
26 out of and in the course of the employment, or while acting,
27 pursuant to order, outside of the city by which the member is
28 regularly employed, the system decides that death was so caused
29 in the performance of duty, there shall be paid, in lieu of the
30 ordinary death benefit provided in [subsection 8](#), an accidental
31 death benefit as set forth in [this subsection](#).

32 Sec. 8. Section 411.6, subsection 16, Code 2024, is amended
33 by adding the following new paragraph:

34 NEW PARAGRAPH. *d.* A person otherwise eligible to receive
35 an ordinary or accidental disability retirement benefit under

1 this chapter shall not be eligible to receive such a benefit
2 if the person is subsequently removed, discharged, demoted,
3 or suspended pursuant to section 400.18 or 400.19, or other
4 comparable process. Upon determination of ineligibility
5 pursuant to this paragraph, the person's entitlement to a
6 disability benefit under this chapter shall terminate and any
7 disability retirement allowance received by such a person must
8 be returned to the system together with interest earned on the
9 disability retirement allowance calculated at a rate determined
10 by the system. However, the determination of ineligibility
11 as provided under this paragraph may be waived for good cause
12 as determined by the board. The burden of establishing good
13 cause is on the person who received the disability retirement
14 allowance.

15 Sec. 9. Section 411.8, subsection 1, paragraph f,
16 subparagraph (8), Code 2024, is amended to read as follows:
17 (8) Beginning July 1, 1996, and each fiscal year thereafter,
18 an amount equal to the member's contribution rate times each
19 member's compensation shall be paid to the fund from the
20 earnable compensation of the member. For the purposes of this
21 subparagraph, the member's contribution rate shall be nine and
22 thirty-five hundredths percent ~~or, beginning July 1~~ until June
23 30, 2009, nine and four-tenths percent until June 30, 2024,
24 and, beginning July 1, 2024, nine and sixty-four hundredths
25 percent. However, the system shall increase the member's
26 contribution rate as necessary to cover any increase in cost
27 to the system resulting from statutory changes which are
28 enacted by any session of the general assembly meeting after
29 January 1, 1991, if the increase cannot be absorbed within
30 the contribution rates otherwise established pursuant to this
31 paragraph, but subject to a maximum employee contribution rate
32 of eleven and three-tenths percent or, beginning July 1, 2009,
33 eleven and thirty-five hundredths percent. The contribution
34 rate increases specified in 1994 Iowa Acts, ch. 1183, pursuant
35 to [this chapter](#) and [chapter 97A](#) shall be the only member

1 contribution rate increases for these systems resulting from
2 the statutory changes enacted in 1994 Iowa Acts, ch. 1183, and
3 shall apply only to the fiscal periods specified in 1994 Iowa
4 Acts, ch. 1183. After the employee contribution reaches eleven
5 and three-tenths percent or eleven and thirty-five hundredths
6 percent, as applicable, sixty percent of the additional cost
7 of such statutory changes shall be paid by employers under
8 paragraph "c" and forty percent of the additional cost shall be
9 paid by employees under this paragraph.

10 Sec. 10. Section 411.15, Code 2024, is amended to read as
11 follows:

12 **411.15 Hospitalization and medical attention.**

13 1. a. Cities shall provide hospital, nursing, and medical
14 attention for the members of the police and fire departments
15 of the cities, when injured while in the performance of their
16 duties as members of such department, ~~and~~ or for injuries and
17 diseases arising out of and in the course of the employment.

18 b. Cities shall continue to provide hospital, nursing, and
19 medical attention for injuries or diseases incurred while in
20 the performance of their duties or arising out of and in the
21 course of the employment for members or beneficiaries receiving
22 a retirement allowance under ~~section 411.6, subsection 6.~~

23 c. Disease under this subsection shall mean heart disease
24 or any disease of the lungs or respiratory tract and shall be
25 presumed to have been contracted while on active duty as a
26 result of strain or the inhalation of noxious fumes, poison, or
27 gases. Disease under this subsection shall also mean cancer
28 or infectious disease, both as defined in section 411.1, and
29 shall be presumed to have been contracted while on active duty
30 as a result of that duty.

31 2. a. Cities may fund the cost of the hospital, nursing,
32 and medical attention required by ~~this section~~ through the
33 purchase of insurance, by self-insuring the obligation, or
34 through payment of moneys into a local government risk pool
35 established for the purpose of covering the costs associated

1 with the requirements of this section. ~~However, the cost of~~
2 ~~the hospital, nursing, and medical attention required by this~~
3 ~~section shall not be funded through an employee-paid health~~
4 ~~insurance policy.~~

5 b. A member or beneficiary shall not be required to pay the
6 cost of the hospital, nursing, and medical attention required
7 by this section, including but not limited to any costs
8 or premiums associated with any insurance policy providing
9 coverage for the hospital, nursing, and medical attention.

10 c. The cost of the hospital, nursing, and medical attention
11 required by this section shall be paid from moneys held in a
12 trust and agency fund established pursuant to section 384.6,
13 or out of the appropriation for the department to which the
14 injured person belongs or belonged; provided that any amounts
15 received by the injured person from any other source for such
16 specific purposes, shall be deducted from the amount paid by
17 the city under the provisions of this section.

18 3. a. For purposes of this subsection, "date of the
19 occurrence of the injury or disease" means the date that the
20 member or beneficiary knew or should have known that the injury
21 or disease was work-related.

22 b. To be provided the cost of the hospital, nursing, and
23 medical attention required by this section, the city or the
24 city's representative shall have actual knowledge of the
25 occurrence of an injury or disease or be provided notice of the
26 occurrence of an injury or disease on behalf of a member or
27 beneficiary within ninety days from the date of the occurrence
28 of the injury or disease.

29 c. (1) Except as provided in subparagraph (2), an action
30 to require the city to provide the cost of hospital, nursing,
31 and medical attention required by this section shall not be
32 maintained unless the action is commenced before the later of
33 any of the following:

34 (a) Two years from the date of the occurrence of the injury
35 or disease.

1 (b) Two years from the date the city denies a claim to
2 provide hospital, nursing, and medical attention required by
3 this section.

4 (2) A city shall not be responsible for any claim or action
5 for a newly discovered work-related injury arising under this
6 chapter which is filed after three years from the last date of
7 employment of the member.

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DIVISION II

9 INDIVIDUAL INCOME TAX EXEMPTION — SURVIVING SPOUSE — PENSIONS

10 Sec. 11. Section 422.7, subsection 19, paragraph a, Code
11 2024, is amended to read as follows:

12 a. Subtract, to the extent included, the total amount
13 received from a governmental or other pension or retirement
14 plan, including defined benefit or defined contribution plans,
15 annuities, individual retirement accounts, plans maintained or
16 contributed to by an employer, or maintained or contributed
17 to by a self-employed person as an employer, and deferred
18 compensation plans or any earnings attributable to the deferred
19 compensation plans received by a person who is ~~disabled, or is~~
20 fifty-five any of the following:

21 (1) Disabled.

22 (2) Fifty-five years of age or older, ~~or is the.~~

23 (3) The surviving spouse of an individual or ~~is~~ a survivor
24 having an insurable interest in an individual who would have
25 qualified for the exemption under [this subsection](#) for the tax
26 year.

27 Sec. 12. Section 422.7, subsection 19, paragraph c, Code
28 2024, is amended to read as follows:

29 c. (1) A taxpayer who is not disabled or fifty-five years
30 of age or older and who receives a pension or retirement pay
31 amount as a surviving spouse ~~or as a survivor with an insurable~~
32 interest in an individual who would have qualified for the
33 exemption for the tax year may only exclude the amount received
34 from a the pension or retirement plan in the tax year as a
35 result of the death of the decedent, if the pension amount is

1 provided pursuant to section 97B.49B or 97B.49C, or chapter
2 97A, 410, or 411.

3 (2) A taxpayer who is not disabled or fifty-five years of
4 age or older and who receives other pension or retirement pay
5 not specified in subparagraph (1) as a surviving spouse or as a
6 survivor with an insurable interest in an individual who would
7 have qualified for the exemption for the tax year may only
8 exclude the amount received from a pension or retirement plan
9 in the tax year as a result of the death of the decedent.

10 Sec. 13. RETROACTIVE APPLICABILITY. This division of this
11 Act applies retroactively to January 1, 2024, for tax years
12 beginning on or after that date.

13 EXPLANATION

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

16 This bill relates to the municipal fire and police
17 retirement system of Iowa (MFPRSI), the public safety officers'
18 retirement, accident, and disability system (POR), and
19 protection occupation and sheriffs and deputy sheriffs under
20 the Iowa public employees' retirement system (IPERS).

21 DIVISION I — CIVIL SERVICE EVALUATIONS — MFPRSI. Code
22 section 400.8, concerning entrance examinations under civil
23 service for police officers and fire fighters, is amended to
24 require a mental health evaluation as part of the examination.

25 Code section 411.1, concerning definitions, is amended. The
26 bill defines an "ordinary disability beneficiary" as a member
27 retired on an ordinary disability retirement benefit for three
28 years or less. The bill also amends the definition of "member
29 in good standing" to mean any member in service who has not
30 been terminated by the employing city of the member.

31 Code section 411.6(5), concerning accidental disability
32 benefits, is amended to provide that a person is entitled to
33 an accidental disability retirement if the person has become
34 totally and permanently incapacitated as a result of injury and
35 disease arising out of and in the course of the employment and

1 by the actual performance of duty without regard to whether
2 that actual performance of duty was at some definite time and
3 place. The bill further provides that mental incapacity occurs
4 as the natural and proximate result of an injury or disease
5 incurred or aggravated by the actual performance of duty or
6 arising out of the course of employment. To determine whether
7 an incident is considered traumatic, unexpected, or unusual in
8 establishing mental incapacity, the incident is compared to the
9 experiences of other police officers or fire fighters in this
10 state.

11 Code section 411.6(6), providing for a retirement allowance
12 upon retirement for accidental disability, is amended to
13 provide that an ordinary disability beneficiary who is
14 determined to be entitled to a retirement for accidental
15 disability on or after July 1, 2024, shall receive a retirement
16 allowance that shall consist of the greater of an amount as
17 determined for members receiving an accidental disability
18 retirement or an amount equal to the disability retirement
19 allowance previously received by the beneficiary.

20 Code section 411.6(9), concerning accidental death benefits,
21 is amended to provide that an accidental death benefit shall
22 also be paid if the death was as a result of injury and disease
23 arising out of and in the course of the employment or by the
24 actual performance of duty.

25 Code section 411.6(16), concerning ineligibility for
26 disability benefits, is amended to provide that a person
27 otherwise eligible to receive a disability retirement shall not
28 be eligible if the person is subsequently removed, discharged,
29 demoted, or suspended pursuant to Code section 400.18 or
30 400.19, or other comparable process. The bill provides for
31 the repayment of benefits paid prior to the determination of
32 ineligibility.

33 Code section 411.8, concerning the method of financing
34 the retirement system, is amended by increasing the employee
35 contribution rate from 9.4 percent of pay to 9.64 percent of

1 pay beginning July 1, 2024.

2 Code section 411.15, concerning cities' requirement to
3 provide hospitalization and medical attention for injuries
4 or diseases while on duty, is amended to provide that such
5 attention shall also be provided for injuries arising out
6 of and in the course of employment. The Code section is
7 further amended to provide that cities shall continue to
8 provide hospitalization and medical attention for injuries or
9 diseases while on duty for members or beneficiaries receiving
10 any retirement allowance under Code section 411.6 and not
11 just an accidental disability retirement allowance under
12 Code section 411.6(6). The Code section also provides that
13 disease for purposes of providing medical attention under
14 this Code section shall mean heart disease, any disease of
15 the lungs or respiratory tract, and cancer or infectious
16 disease, all of which shall be presumed to have been contracted
17 while on active duty. The Code section is further amended
18 to provide that a member shall not be required to pay the
19 cost of hospital, nursing, and medical attention required,
20 including payment of any costs or premiums associated with any
21 insurance policy providing coverage. The bill further provides
22 that to be provided the cost of the hospital, nursing, and
23 medical attention, the city shall have actual knowledge of the
24 occurrence of an injury or disease or be provided notice of
25 the occurrence of an injury or disease on behalf of a member
26 or beneficiary within 90 days from the date of the occurrence
27 of the injury or disease. The bill provides that an action to
28 require the city to provide the cost of the medical attention
29 shall not be maintained unless the action is commenced before
30 the later of two years from the date of the occurrence of the
31 injury or disease or two years from the date the city denies a
32 claim to provide medical attention. However, a city shall not
33 be responsible for any claim or action for a newly discovered
34 work-related injury which is filed after three years from the
35 last date of employment of the member.

1 DIVISION II — INDIVIDUAL INCOME TAX EXEMPTION — SURVIVING
2 SPOUSE — PENSIONS. Under current law, pension and retirement
3 pay are exempt from the individual income tax if the individual
4 is disabled, 55 years of age or older, or is the surviving
5 spouse of an individual or is a survivor having an insurable
6 interest in an individual, who would have qualified for the
7 pension or retirement pay exemption. However, a surviving
8 spouse or survivor with an insurable interest does not qualify
9 for this exemption unless the surviving spouse or survivor is
10 also disabled or 55 years of age.

11 The bill exempts the pension amount of a surviving spouse who
12 is not disabled or 55 years of age or older from the individual
13 income tax, if the pension amount is provided pursuant to Code
14 section 97B.49B (protection occupation) or 97B.49C (sheriffs
15 and deputy sheriffs), or Code chapter 97A (POR), 410 (fire
16 fighters and police officers), or 411 (MFPRSI).

17 The bill preserves current law for an individual who is not
18 disabled or 55 years of age or older who receives other pension
19 or retirement pay as a surviving spouse or as a survivor with
20 an insurable interest in an individual who would have qualified
21 for the exemption for the tax year. Under current law, such an
22 individual may only exclude the amount received from a pension
23 or retirement plan in the tax year as a result of the death of
24 the decedent.

25 This division applies retroactively for tax years beginning
26 on or after January 1, 2024.